ANNUAL **Report** 2011

KINGSTON WHARVES LIMITED

www.kingstonwharves.com.jm

TABLE OF **Contents**

A **FIRM** HOLD ON OUR **FUTURE**

It is not the strongest of the species that survives,
nor the most intelligent that survives, it is the one
that is the most adaptable to change”

- Charles Darwin 1809 - 1882

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.

CORE **Values**

Integrity

Our actions and decisions shall reflect the highest ethical standards, professionalism and honesty.

Customer Focus

We are deeply committed to meeting the needs of our customers, and we will constantly focus on customer satisfaction.

Respect

We will respect the dignity and rights of our employees and customers.

Teamwork

We know that to be a successful company we must work together, frequently transcending organizational and departmental boundaries to meet the changing needs of our customers.

Social Responsibility

We play an active role in making our country and the community in which we operate a better place to live and work, knowing that the ongoing vitality of our country and community has a direct impact on the long-term success of our business.

Performance

We strive for continuous improvement in our performance, measuring results carefully and ensuring that integrity and respect for people are never compromised.

NOTICE of **Annual General Meeting**

NOTICE is hereby given that the Annual General Meeting of Kingston Wharves Limited will be held at **Jamaica Conference Centre, 14-20 Port Royal Street, Kingston** on **Thursday, September 13, 2012 at 10:00 a.m.** for the following purposes:

1. To receive the Audited Financial Statements for the year ended December 31, 2011 and the Reports of the Directors and Auditors circulated herewith:

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

   "THAT the Audited Financial Statements for the year ended December 31, 2011 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 January 30, 2012 as final.

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

   "THAT as recommended by the Directors, the interim dividend of three cents ($0.03) per share paid on January 30, 2012 be and is 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 Incorporation are Mr. Derek Jones, who, though eligible, has declined to offer himself for re-election, and Messrs. Roger Hinds, Alvin Henry, and Kim Clarke, who, being eligible, offer themselves for re-election.

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

   (i) "THAT Mr. Roger Hinds be and is hereby re-elected a Director of the Company".

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

   (iii) "THAT Mr. Kim Clarke be and is hereby re-elected a Director of the Company".

4. To advise of the election of Directors to the Board of Directors of the Company, pursuant to the new Article 86A of the Articles of Incorporation of the Company.

   (a) Director Charles Johnston has been designated by Jamaica Producers Group Limited to be one of its Specially Appointed Directors, and Directors Jeffery Hall and Kathleen Moss have been appointed by Jamaica Producers Group Limited to be Specially Appointed Directors, pursuant to new Article 86A of the Articles of Incorporation of the Company.

   (b) Similarly, Ramon Pitter has been appointed to the Board as a Specially Appointed Director by National Commercial Bank Limited, and Directors Karlene Bailey and Stephen Lyn Kee Chow have been designated by National Commercial Bank Limited to be Specially Appointed Directors, pursuant to Article 86A.

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

   To consider and if thought fit pass the 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".

6. 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 amounts shown in the account of the Company for the year ended December 31, 2011 as fees of the Directors for their service as directors, be and is hereby approved".

Dated this 31 day of July 2012.

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.

KWL AT A **Glance**

US$110.4mil net assets

Facts and Figures answer the most frequently asked questions

ACHIEVEMENT Kingston Wharves Limited (KWL) is consistently recognized as the leading Multi-purpose Port Terminal Operator in the Caribbean, receiving numerous awards and accolades for excellence.

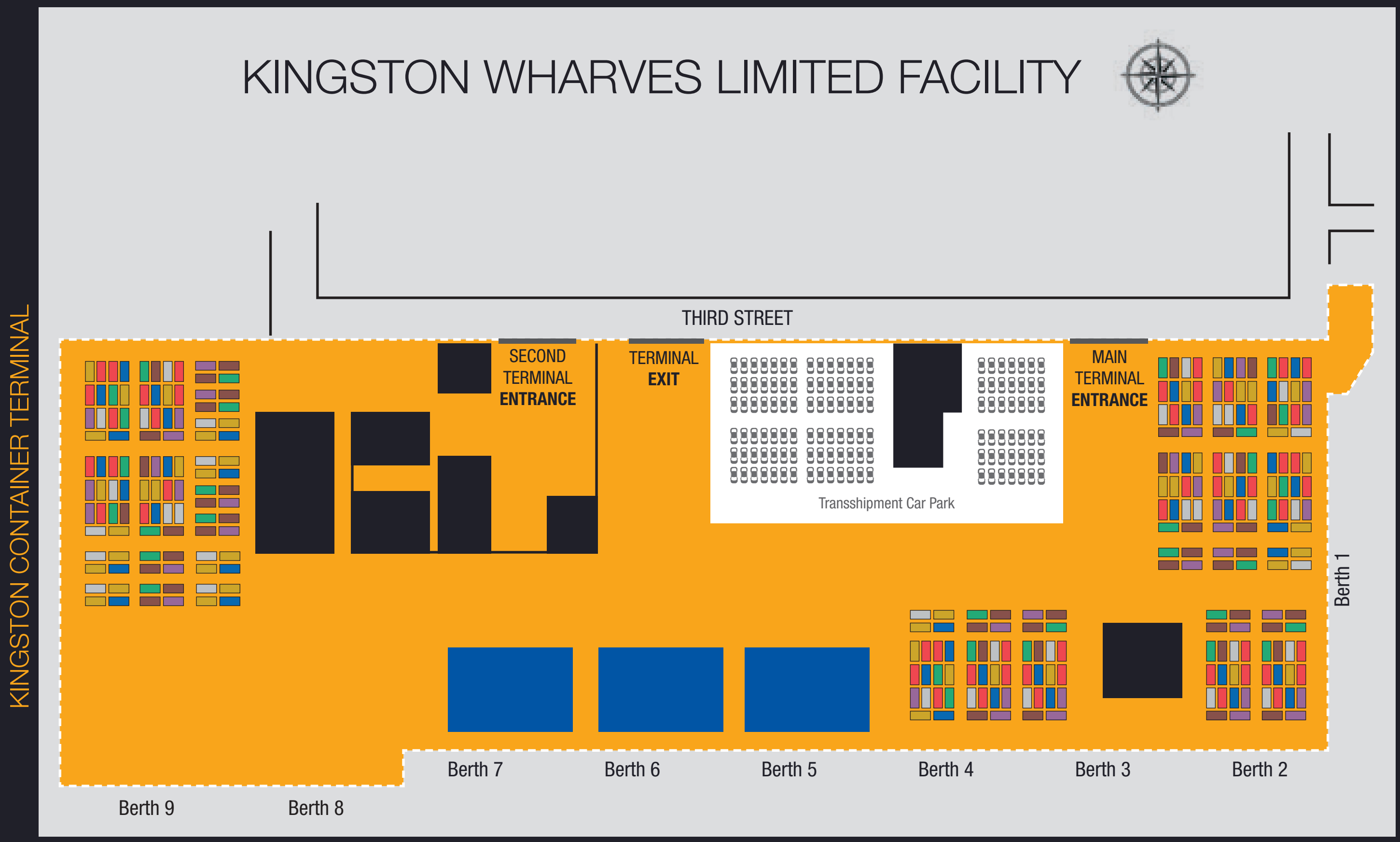
- **Best in Chamber Nominee 2011** - Jamaica Chamber of Commerce
- **'Best Multi-purpose Terminal of the Year'** Award for 2006, 2007 and 2009 – Caribbean Shipping Association's (CSA)
- **Growth & Development awardee for 2010** – CSA
- **Most Efficient Port awardee for 2010 and 2008** – CSA

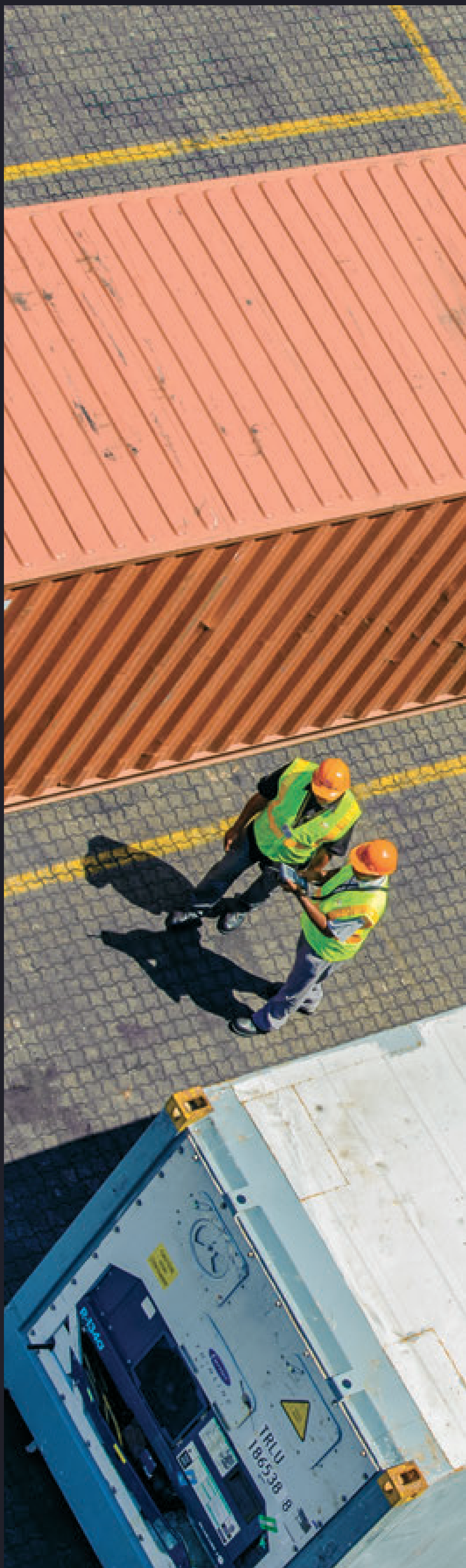
OUR BUSINESS A listed company on the Jamaica Stock Exchange with net assets of US$110.4 million, the KWL Group has experienced steady growth through prudent management and a commitment to continuous improvement to ensure competitiveness, since its inception in 1945. In addition to its core business of terminal operations, the KWL Group includes two subsidiaries,

- **Security Administrators Limited**, provider of **industrial and port security services**
- **Harbour Cold Stores Limited**, a public bonded **cold storage facility**

WE DELIVER Our main services include:

- Mooring and Unmooring of vessels
- Stevedoring
- Equipment Rental
- Stripping and Stuffing of containers
- Storage and Warehousing
- Reconsolidation of containers
- Cargo Handling Services
- Transshipment
- Refrigerated Container Management & Support





TRANSSHIPMENT KWL’s transshipment service has achieved exponential growth 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 20 Caribbean and Latin American Ports.
- 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.

TERMINAL INFRASTRUCTURE Located on the Port of Kingston 17°8’W, 76°48’N, the Terminal operates 24 hours per day, 365 days per year.

- 1,655 meters continuous quay
- 9 deepwater berths for ro-ro, lo-lo, container, general break bulk and bulk cargoes
- Vessel draft 9 metres (29 feet) to 13 metres (32 feet)
- **On-Dock Open Storage:** Approximately 242,000 square metres or 2,605,000 square feet
- **On-Dock Warehouse Storage:** 21,225 square metres or 228,000 square feet.
- **Off-Dock Storage:** 20,000 square metres or 215,000 square feet
- **Reefer Plugs:** 130 at 440 Volts

2,605,000
square feet open storage

HOW WE WORK The Equipment & Supporting Systems include

4 – Gottwald Mobile Harbour Cranes
11 – Reach Stackers
2 – Empty Container Handlers
2 – Toploaders
6 – Forklifts
10 – Trucks
10 – Bomb Carts
Tideworks Terminal Operating System

In addition to the above resources, we are able to source additional chassis, trucks, trailers and forklifts on request.

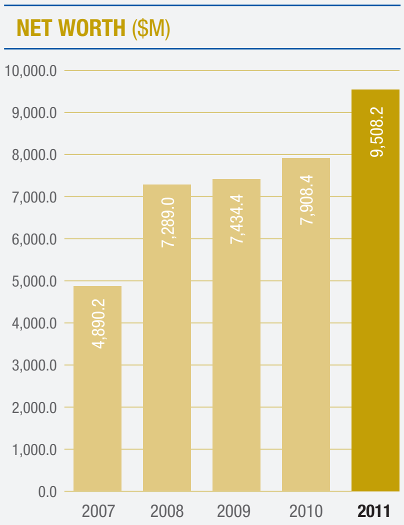
THROUGHPUT (2011)

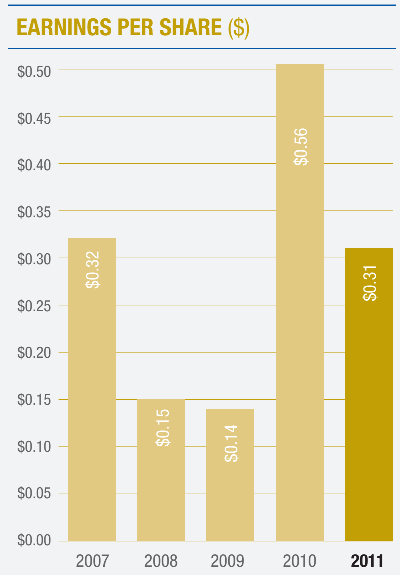
- 240,000 Twenty-foot Equivalent Units (TEUs)
- 1.5 billion tonnes Domestic Tonnage
- 63,000 Motor Units

The Company remains committed to furthering the scope of its existing growth and development strategies as it charts a steady course of action for the future.

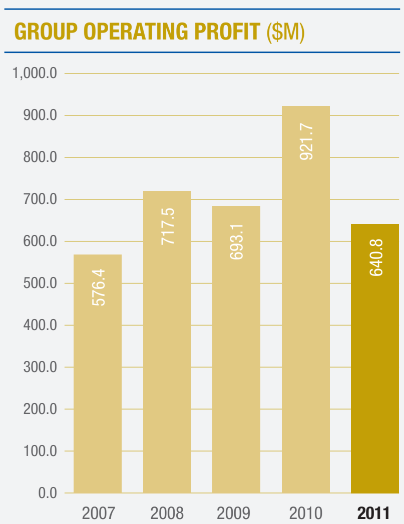
2011 PERFORMANCE **Summary**

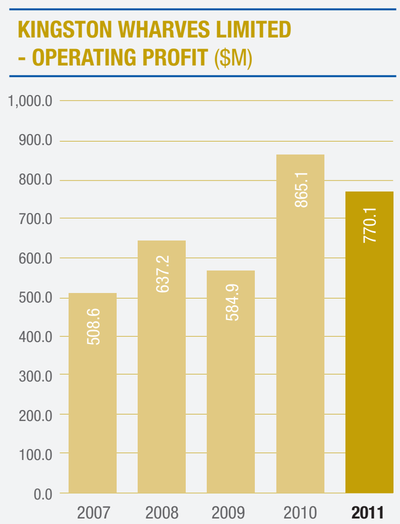
SHAREHOLDERS **INTEREST**



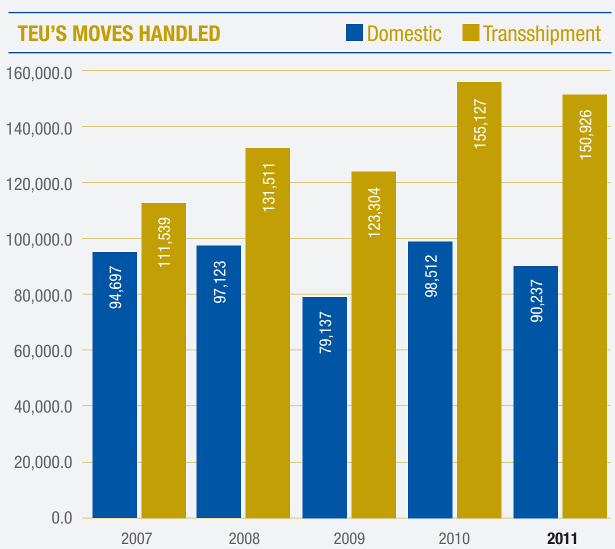


FINANCIAL



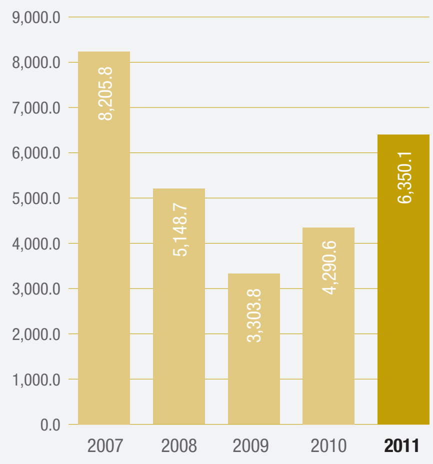


OPERATIONAL

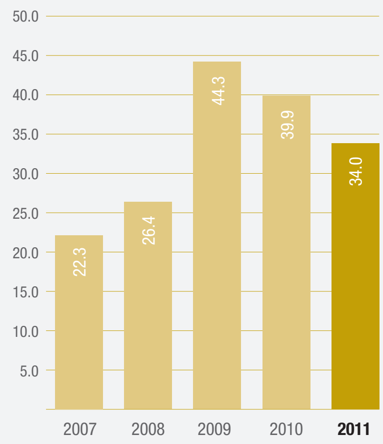


STOCK PRICE AT YEAR END ($)

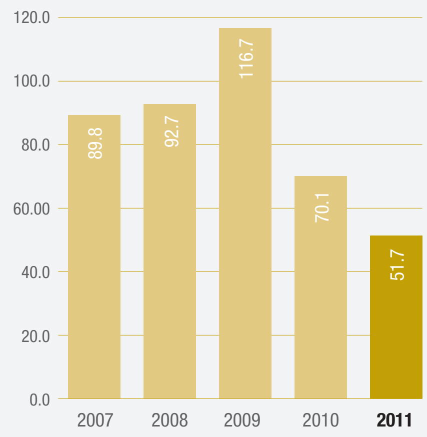
MARKET CAPITALISATION ($M)



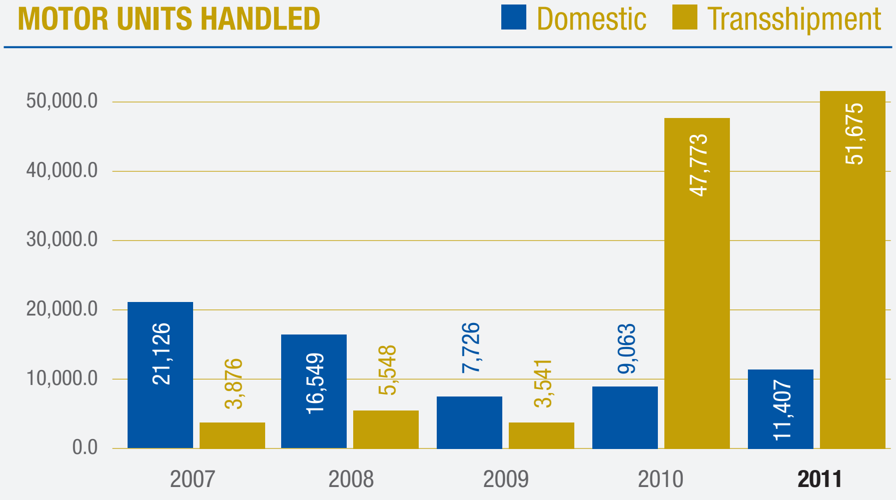
SECURITY ADMINISTRATORS LIMITED - OPERATING PROFIT ($M)



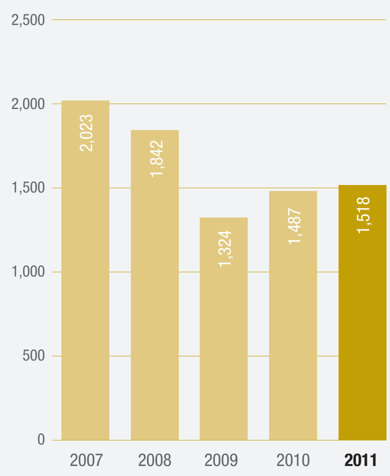
HARBOUR COLD STORES - OPERATING PROFIT ($M)



MOTOR UNITS HANDLED



DOMESTIC TONNAGE HANDLED



TEN YEAR **Statistical Review**

	2011	2010	2009
No. of Stock Units @ 20 cents each. (000's)	1,072,650	1,072,650	1,072,650
Total Assets ($'000)	14,316,407	12,317,049	12,160,635
Net Current Assets ($'000)	800,995	912,786	896,221
Deposit & Cash Balance ($'000)	1,076,655	1,282,678	1,120,133
Capital Expenditure ($'000)	638,022	111,172	141,950
Total Gearing ($'000)	2,402,855	2,462,422	3,007,277
Net Worth ($'000)	9,508,154	7,908,397	7,434,373

PROFIT AND LOSS ACCOUNT

	2011	2010	2009
Revenue ($'000)	3,168,802	3,025,883	2,570,325
% Increase/(Decrease) over prior year	4.72	17.72	-7.37
Operating Profit (J$'000)	640,764	921,723	693,091
% Increase/(Decrease) over prior year	-30.48	32.99	-3.41
Finance Costs ($'000)	173,465	34,442	497,056
% Increase/(Decrease) over prior year	403.64	-93.07	-0.60
Profit Before Income Tax ($'000)	467,299	887,281	196,035
% Increase/(Decrease) over prior year	-47.33	352.61	-9.86
Net Profit Attributable to Equity Stockholders ($'000)	337,604	602,741	145,333
% Increase/(Decrease) over prior year	-43.99	314.73	-9.57
Dividends Declared ($'000)	45,512	128,717	-
% Increase/(Decrease) over prior year	-64.64	100.00	-100.00

IMPORTANT RATIOS

	2011	2010	2009
Return on Sales	10.65%	19.92%	5.65%
Return on Equity	3.55%	7.62%	1.95%
Current Ratio	1.95:1	2.02:1	2.24:1
Debt to Equity Ratio	25.27%	31.14%	40.45%
Profit Before Tax to Sales	14.75%	29.32%	7.63%
Dividend Cover - Times	7.42	4.68	0.00
Earnings Before Interest & Income Tax (EBIT) - Times	3.69	26.76	1.39
No. of Permanent Employees	481	458	434
Net Profit After Income Tax per Employee ($'000)	701.9	1,316.0	334.9

MARKET STATISTICS

	2011	2010	2009
Stock Price at year end	$5.92	$4.00	$3.08
Earnings per Sock Unit	$0.31	$0.56	$0.14
Price Earnings Ratio	19.10	7.14	22.00
Net Worth per Stock Unit at year end	$8.86	$7.37	$6.93
Net Worth to Total Assets	66.41%	64.21%	61.13%
Market Capitalisation ($'000)	6,350,088	4,290,600	3,303,762

* Restated For Adoption of IFRS

	2008	2007	2006	2005	2004	2003	2002*
	1,072,650	1,072,650	1,072,650	1,072,650	1,072,650	1,072,650	1,072,598
	12,233,560	8,854,977	7,677,911	6,343,594	4,487,008	4,199,724	4,192,615
	836,735	604,910	565,202	516,432	453,571	461,149	389,318
	1,182,095	976,178	677,137	633,945	515,491	498,584	355,052
	390,520	1,222,946	1,335,957	718,468	384,402	57,881	305,038
	3,110,254	2,606,776	1,643,036	762,129	268,080	243,788	277,366
	7,289,040	4,890,156	4,707,122	4,405,831	3,332,754	3,164,995	3,122,695
	2,774,922	2,568,778	2,319,431	1,875,955	1,536,215	1,164,670	1,106,479
	8.02	10.75	23.64	22.12	31.90	5.26	-1.89
	717,528	576,428	612,360	503,822	349,652	78,531	159,604
	24.48	-5.87	21.54	44.09	345.24	-50.80	-37.76
	500,043	166,111	99,288	41,540	18,552	44,559	23,098
	201.03	67.30	139.02	123.91	-58.37	92.91	186.15
	217,485	410,317	513,072	462,282	331,100	127,381	190,442
	-47.00	-20.03	10.99	39.62	159.93	-33.11	-32.63
	160,705	339,771	426,103	314,981	242,844	63,535	149,502
	-52.70	-20.26	35.28	29.71	282.22	-57.50	-30.19
	53,632	85,812	85,812	85,812	75,085	21,453	53,630
	-37.50	0.00	0.00	14.29	250.00	-60.00	512.21
	5.79%	13.23%	18.37%	16.79%	15.81%	5.46%	13.51%
	2.20%	6.95%	9.05%	7.15%	7.29%	2.01%	4.79%
	2.12:1	1.91:1	2.19:1	2.48:1	2.62:1	3.22:1	1.55:1
	42.67%	53.31%	34.91%	17.30%	8.04%	7.70%	8.88%
	7.84%	15.97%	22.12%	24.64%	21.55%	10.94%	17.21%
	3.00	3.96	4.97	3.67	3.23	2.96	2.79
	1.43	3.47	6.17	12.13	18.85	1.76	6.91
	347	202	186	191	157	147	188
	463.1	1,682.0	2,290.9	1,649.1	1,546.8	432.2	795.2
	$4.80	$7.65	$7.94	$6.00	$4.90	$1.30	$2.60
	$0.15	$0.32	$0.40	$0.29	$0.23	$0.06	$0.14
	32.00	23.91	19.85	20.69	21.30	21.67	18.57
	$6.80	$4.56	$4.39	$4.11	$3.11	$2.95	$2.91
	59.58%	55.22%	61.31%	69.45%	74.28%	75.36%	74.48%
	5,148,720	8,205,773	8,516,841	6,435,900	5,255,985	1,394,445	2,788,755

CHAIRMAN'S **Message**

GRANTLEY STEPHENSON
C.D., J.P.
Chairman & Chief Executive Officer

> **"WE MUST PREPARE OURSELVES TO BE MORE THAN THE BEST IN THE CARIBBEAN**. It is pivotal that we continue to increase our efforts to expand the Group's revenue streams while remaining a viable and growing entity in the current economic environment, and we must also vigorously compete for customers in both the regional and global markets."

Kingston Wharves Group's objective of becoming the "world's leading multipurpose port operator" is positioned for achievement. This is because we are building on a firm and sustainable business architecture that includes improved organisational structure, efficient business processes, and more reliable information systems and infrastructure. Our world-class ambition will be propelled by the terminal's prominence in the Caribbean and our focus on important drivers such as the highest standards in service, efficiency, workforce competence, safety, security and environmental leadership.

In addition to our world-class ambition, we are strategically positioned to capitalize on the unprecedented opportunities expected from the completion of the Panama Canal expansion in 2014. While Kingston is viewed as being ideally poised to facilitate the transshipment of US bound cargo, the January 2012 Latin America publication of the Business Monitor International (BMI), stated that it is more likely positioned to expand its role as a hub for transshipment to the Caribbean and South America. In either of these post-Panama Canal expansion scenarios, we must prepare ourselves to be more than the best in the Caribbean. It is pivotal that we continue to increase our efforts to expand the Group's revenue streams while remaining a viable and growing entity in the current economic environment, and we must also vigorously compete for customers in both the regional and global markets.

Though the global economic recovery saw marginal improvement in 2011, we were not exempt from the impact of the financial turbulence, especially the debt crisis in the Euro zone and the ripple effect of this on the rest of the world. Despite these challenges, the strategies implemented by our team allowed KWL to capitalise on the mild recovery. However, the pervasive uncertainty in the markets and the re-emergence of fuel and other cost pressures made it difficult to retain the growth rate of the former year.

In July 2011, Moody's published a negative outlook for the shipping industry for a 12 to 18 month period substantiated by the overcapacity faced by all subsectors of the industry. This forecast was borne out in the Group's 2011 performance where a 5% drop in container moves and a 20% increase in expenses resulted in a 44% year-on-year decline in net profit. The environment in which we operate continues to be challenging and the anticipated renegotiation with the International Monetary Fund is expected to result in strict fiscal austerity measures, further constricting growth in the business sector.

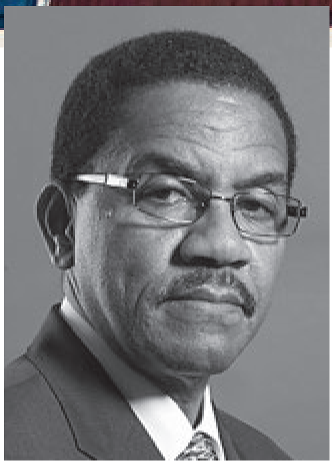
The past 3 to 4 years have been extremely difficult not only for Jamaica but for the world economy, global trade and the shipping industry. Therefore, one can expect that the path to recovery will be characterised by periodic setbacks as widespread volatility continues to characterise the markets from commodity prices to freight rates. The 2011 financial results confirm that we must aggressively seek opportunities that lie beyond the Jamaican economy.

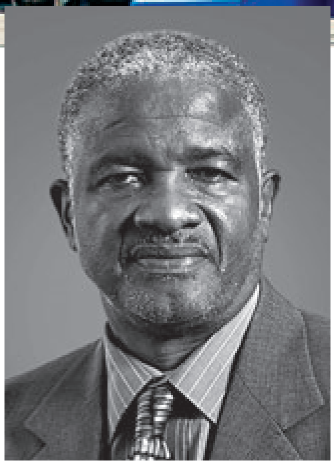
Sustainable performance must be an imperative to move us beyond the variable growth experienced by and within the Group. For example, between 2010 and 2011, revenue for the Group grew by only 4.7% (from $3,025.9 million in 2010 to $3,168.8 million in 2011) while Operating Profit decreased by 30.48 % from $921.7 million in 2010 to $640.8 million in 2011. Similarly, increases in revenue varying between 3 to 21% in 2011, when compared to 2010, were recorded by all three companies of the Group. However, like the Group, they all faced reductions in operating profit.

We face the future, however uncertain the industry may be, with confidence, knowing that the dedication of the management and staff is assured. Thank you all for your dedication, hard work, support and resilience during recent economic uncertainties which has proved vital to KWL's success. I must say thank you to two special staff members who retired during the year - Mr. Alrick Mitchell, Operations Manager and Captain John Ulett, Managing Director, SAL for over 40 and 20 years, respectively, of dedicated service. I welcome on behalf of the Group, Mr. Mark Williams, our Chief Marketing and Planning Officer, who has responsibility for marketing, customer service, the planning and implementation of our strategy and Captain Geogre Reynolds, the managing director of SAL, who will provide overall strategic leadership for that subsidiary.

My sincere appreciation to my fellow colleagues on the Board of the KWL Group, for their continued commitment to the company. I am confident that going forward, the entire KWL team will enthusiastically and collectively drive efforts to increase productivity, improve operating performance and enhance our competitive position; thereby, positively impacting our bottom line. As a team, we hope to remain innovative, proactive and committed to propelling the success and dominance of the KWL Group, not only regionally, but also internationally.

BOARD OF **Directors**





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

Chairman and CEO - Grantley Stephenson is the 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.

In 2011, Mr. Stephenson was ranked as Jamaica's "Top CEO" by Businessuite Magazine. He has headed 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 organisation's Managing Committee since 1990.

Mr. Stephenson was conferred with the National Award of the Order of Distinction, Commander Class in 2007. He is Dean of the Consular Corps of Jamaica and the Honorary Consul General for the Kingdom of Norway. A Fellow of the Jamaica Institute of Management, he holds an MBA from the University of the West Indies.

KARLENE BAILEY

Karlene Bailey is a Lecturer at the University of Technology (Jamaica) in the School of Business Administration (SOBA). Prior to joining UTECH, Miss Bailey worked for over nine years in the financial services sector, in particular, NCB Capital Markets Ltd. and the Bank of Jamaica. A member of the Board of Directors of Kingston Wharves Ltd. since 2009, she actively serves on the company's Audit and Finance Committee and Business Development Committee. She is also a member of the Investment Committee and Audit and Compliance Committee of the Board of Advantage General Insurance Company Limited. Additionally, she has worked as a management consultant with expertise in the areas of strategy, portfolio management, economics and business planning.

Miss Bailey holds a Bachelor of Science degree in Management Studies, with Minors in Economics and Accounting from the University of the West Indies and a Master degree in Economics from La Universidad Católica Santo Domingo. She is currently a candidate in the Doctor of Business Administration (DBA) programme at the University of the West Indies.

KIM CLARKE

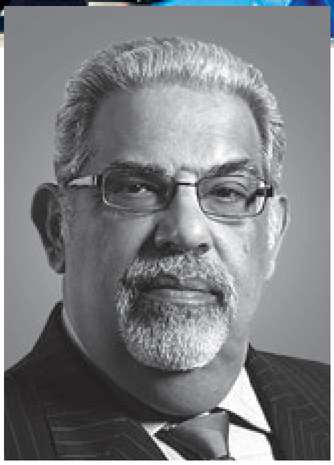
Kim Clarke is the Managing Director of the Maritime and Transport Group of Companies that consists of Maritime & Transport Services Limited, Maritime Towing Company Limited, Maritime General Insurance Brokers Limited, A.E. Parnell & Company Limited, Parnell Investment Limited and Seaport Equipment Limited.

Additionally, Mr. Clarke is the Chairman of Amalgamated Stevedores Limited and Managing Director of Boat Services Limited. He is the current Vice President of the Shipping Association of Jamaica. Mr. Clarke is also a Director of R.S. Gamble Limited, Arnold L. Malabre & Company Limited and Newport Fersan Jamaica Limited. 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. A former General Manager of the Shipping Association of Jamaica, Mr. Henry 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 on several Boards and Committees.



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.

Mr. Hinds is the current President of the Shipping Association of Jamaica, and also a member of the Caribbean Shipping Association's General Council.

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.

In 2006, Mr. Johnston was conferred with 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.

DEREK JONES

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

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

PETER A. LAWSON

Peter Lawson is Managing Director of P.A. Lawson Management & Strategy Consultants Limited which provides management consulting and strategic advisory services. Mr. Lawson also serves as Managing Director of P.A. Lawson Engineering & Construction Limited, Pipelines & Structures Caribbean Limited and Lawson & Associates Limited (consulting engineers).

Mr. Lawson has managed operations and led strategy, marketing and business development for multi-national corporations, 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, a Master of Business Administration degree from the Goizueta Business School of Emory University and has completed post-graduate studies at the University of Chicago and Oxford University.

BOARD OF **Directors** Cont'd

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. In addition, 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.

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 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.

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

DIRECTORS' **Report**

The directors are pleased to report their results for the year 2011.

1. The profit for the group before income tax was $467,299,000. The profit for the group after tax and minority interest was $337,604,000.

2. The directors recommend that the interim dividends paid on 12 January 2012 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, 2012

ROGER HINDS
Company Secretary

CORPORATE **Governance**

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.

The Board of Directors of Kingston Wharves Limited had eleven regularly scheduled meetings during 2011. In addition, the Board convened two special meetings, one in January, and the other in December, to address specific matters that required more time and focus than a regular Board meeting would have allowed, and to deal with time sensitive issues on which decisions were required ahead of the next scheduled Board meeting.

During 2011, Mr. Derek Jones served as non-executive Chairman of the Board. In addition to Mr. Jones, the Board of Directors comprised eight non-executive directors and one executive director, Mr. Grantley Stephenson, the Chief Executive Officer of the Company. The Board had five independent directors including its non-executive Chairman.

BOARD STEWARDSHIP

The board focused on enhancing shareholder value and ensuring the long-term viability of the Company in the context of making Kingston Wharves Limited "world class" across all aspects of its operations. The Board provided management with guidance and strategic direction with respect to managing and operating the Company, including

- the development of business plans and long term strategic plans
- risk assessment and risk management
- the establishment of appropriate internal controls
- the approval of published accounting, reports and budgets

For the year 2011, the Board of Directors was assisted by four Board committees

- Strategic Planning and Business Development
- Corporate Governance and Nominating
- Audit and Finance
- Compensation

STRATEGIC PLANNING AND BUSINESS DEVELOPMENT COMMITTEE

The Strategic Planning and Business Development Committee held four meetings during 2011 with its principal mandate being to advise the Board of Directors on strategic planning and business development matters in Kingston Wharves Limited, including specific capital projects, the Company's Strategic Plan, and the Company's business and non-financial asset portfolio. The Committee also made recommendations to the Board on decisions that needed to be made with regard to these matters, and provided guidance, direction and oversight to management with respect to existing and new business development opportunities.

Committee Members

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

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

The Corporate Governance and Nominating Committee had five meetings in 2011 and provided direction to the Board on corporate governance, board structure, director nominations, committee structures and appointments, and director training and development. The Committee was also active with respect to sensitive governance issues affecting the operations of the Company and continuously reviewed all aspects of governance to make decisions and recommendations to the Board in line with international best practice as well as the rules and guidelines of the Jamaica Stock Exchange and the Financial Services Commission. In line with internationally accepted best practice, only independent directors served on the Corporate Governance and Nominating Committee.

Committee Members

Peter Lawson, Chairman
Alvin Henry
Stephen Lyn Kee Chow

AUDIT AND FINANCE COMMITTEE

The Audit and Finance Committee had fifteen meetings in 2011. Management had primary responsibility for the preparation and accuracy of the financial statements, the maintenance of internal controls, and the reporting processes in the Company. The Audit and Finance Committee provided oversight of management's functions by reviewing monthly management reports, the Internal Auditor's reports, the quarterly unaudited reports and the annual audited report.

The Committee made recommendations for improvements to Management and the Board. These recommendations were either implemented or are in the process of being implemented.

Committee Members

Alvin Henry, Chairman
Karlene Bailey
Stephen Lyn Kee Chow
Harriat Maragh

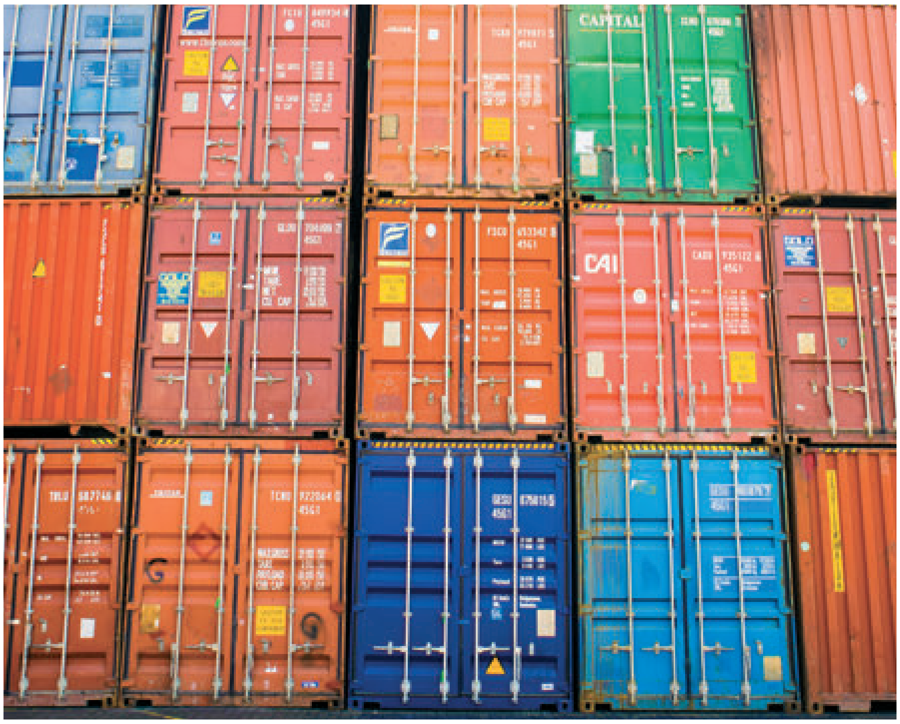
COMPENSATION COMMITTEE

The Compensation Committee had five meetings during 2011 in which it developed a policy and framework for executive compensation to provide performance-based reward opportunities in support of the Company's business objectives and long-term financial returns to investors, as well as to motivate and retain key executives. The Committee also reviewed and approved employment contracts for executives, and made recommendations to the Board on fixed and variable compensation for the CEO, CFO and other key executives based on business performance. In addition, the Compensation Committee worked with Stanton Chase International, an independent compensation consultant, to review the compensation and benefits for Board Directors.

In line with internationally accepted best practice, only independent directors served on the Corporate Governance and Nominating Committee.

Committee Members

Peter Lawson, Chairman
Alvin Henry
Stephen Lyn Kee Chow



MANAGEMENT DISCUSSION & **Analysis**

The Management of Kingston Wharves Limited (KWL) is responsible for the reliability of the information disclosed in the Management and Discussion Analysis (MD&A). The MD&A provides an overview of the financial performance of the KWL Group and its subsidiaries which is consistent with previous disclosures made by the Group and its audited financial statements for the financial year 2011. This MD&A includes forward-looking statements based on our current strategic plans, expectations and beliefs about future events. In light of the risks, uncertainties and assumptions discussed in the Chairman's Message (Page 12-13) and discussed in this section, there are risks that our actual experience will differ materially from the expectations and beliefs reflected in the forward-looking statements in this section and throughout this report.

The KWL Group is a publicly listed company on the Jamaica Stock Exchange with net assets of US$110.4 million. 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 multipurpose wharf operations on the Port of Kingston; 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 marine-related companies.

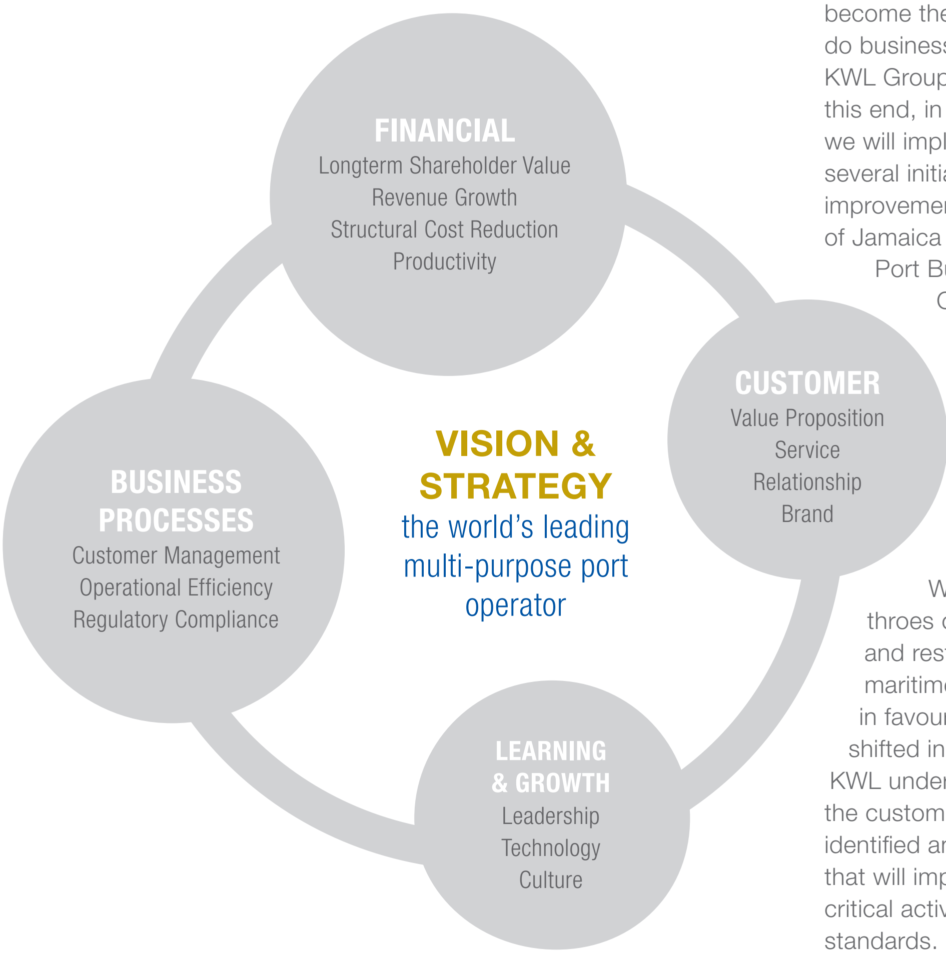
PERFORMANCE OVERVIEW

THE GROUP

The 2011 Financial Year began, continued and ended on strategic and operational high notes for the Kingston Wharves Group. Our objective of becoming the "world's leading multipurpose port operator" provided the catalyst for the strategic focus and function. The plans to introduce the Balanced Scorecard, a strategic planning and management system are far advanced and are expected to be implemented in the 2012 Financial Year. The Balanced Scorecard will help us align business activities with our objective and strategy, improve internal and external communications, and monitor the performance against strategic goals. Strategy will effectively be a continuous process owned not just by top management, but by everyone in the Group.

MANAGEMENT DISCUSSION
& Analysis Cont'd

The growth strategies are captured in these main areas of focus: investment in port facilities and human capital to meet global requirements; financing and/or equity Investment, corporate governance and the development of a healthy, safe, and secure working environment. We have identified Leadership Planning, Financing, Panama Canal Expansion and Infrastructure Readiness as the Critical Success Factors.



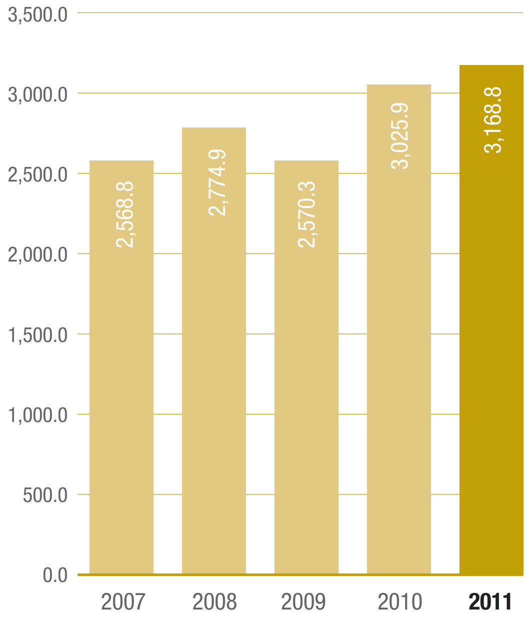
The results of our efforts, so far, were acknowledged in 2011 through the Jamaica Chamber of Commerce's "Best in Chamber" nomination and the Caribbean Shipping Association Sectional Awards for Efficiency, Growth & Development. Our CEO, Mr. Grantley Stephenson was recognised as "Top CEO" by the Businessuite Publication. Though these acknowledgements are encouraging, KWL's aim is to competitively position itself to capitalize on clear trends and opportunities in the current global shipping paradigm. Some of these trends include trade expansion and growing traffic levels presented by the Panama Canal Expansion and revenue growth through logistics and feasible value-added services.

To achieve our objective of becoming the world's leading multipurpose port operator, safety and security must become the way we do business in the KWL Group. To this end, in 2012 we will implement several initiatives that should result in significant improvements in these areas, including: deployment of Jamaica Constabulary Force (JCF) Canine Assets to Port Bustamante, installation of additional Closed Circuit Television Cameras, implementation of additional Security Measures to combat the use of the facility to traffic illicit items, and the establishment of a dedicated team to investigate Narcotics Trafficking.

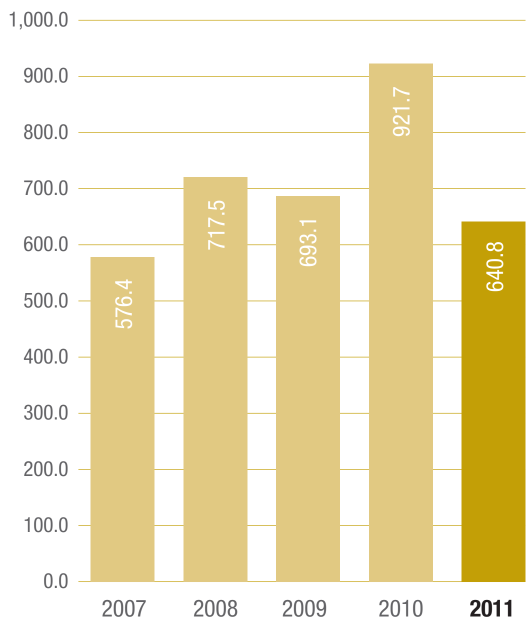
The shipping industry is at the receiving end of market volatility but players can be at the front end of market recovery. Worldwide, the shipping industry is in the throes of a transitional phase of readjustment and restructuring. The balance of power in the maritime trade, which traditionally was weighed in favour of the shipping line, has now decisively shifted in favour of the shipper, the primary customer. KWL understands this and has strategically placed the customer at the heart of what we do. We have identified and started to implement several initiatives that will improve service delivery and ensure that all critical activities are benchmarked against industry standards.

Port performance is of major importance for port competitiveness and indicators of plausible improvements in port management and operations become significantly important. The completed acquisition and assemble of the new Gottwald Mobile Harbour Crane, 2 Taylor Reach Stackers and a Terberg Tug Master; a capital investment of approximately US$5 million, are clear indicators of KWL's readiness to face head-on the competitiveness in global shipping and in positioning itself to achieve our vision of being the best. The importance of information technology to the industry is undisputed. Technological innovation has made port operations highly cost-efficient and

GROUP REVENUE ($M)



GROUP OPERATING PROFIT ($M)



has substantially improved cargo handling turnaround times. Electronic Data Interchange (EDI) and Management Information Systems (MIS) using a range of customized software and network technology make shipping and port operations highly standardized and customer-friendly. The possibilities for information technology are promising; KWL is committed to using technologies to streamline business processes and drive step change in operational efficiency and service delivery.

New corporate strategies and processes are required to deal with an industry which is being reshaped. Historically, companies in the industry have struggled with presenting a unique value proposition beyond cost competitiveness. KWL has, however, proactively identified opportunities for value creation, beyond cost-effective service delivery. Our strategies, informed by our objective to be the best globally, will ensure sustainable performance.

Shipping remains critical to the continued growth of the world economy. Shipping is critical to the continued growth and development of the Jamaican and other economies in the Region. Achieving the status of Best Multipurpose Port Operator in the World is how we will make our contribution to Jamaica, the Region, and the World.

All three companies in the Group recorded increased revenue varying between 3% to 21% in 2011 when compared to 2010; however, they all faced reductions in operating profit. This performance was the result of significant increases in finance costs, staff costs, utilities, fuel, and maintenance expenses which outweighed the gains made in revenue.

The Group recorded a 4.7% or $142.9 million increase in revenue, from $3,025.9 million in 2010 to $3,168.8 million in 2011. Group Operating Profit decreased by 30.48 %, from $921.7 million in 2010 to $640.8 million in 2011.

CRITICAL SUCCESS FACTORS

STRATEGIC PLAN

LEADERSHIP
Transformational
Accountable
Committed

PANAMA CANAL EXPANSION
Increased transshipment traffic anticipated via Kingston

FINANCING
Debt / Equity

INFRASTRUCTURE READINESS
Refurbishing of Berth
Relocation of Warehouses
Application of Information Technology

L-R: **Grantley Stephenson** - Chairman & Chief Executive Officer **Mark Williams** - Group Chief Marketing & Planning Officer **Karen Gilbert** - Group Chief Financial Officer **Annica Anderson** - Human Resources and Adminstration Manager

KINGSTON WHARVES LIMITED

The Company achieved a 2.56% increase in revenue, from $2,440.6 million in 2010 to $2,503 million in 2011 and a 10.98% decrease in Operating Profit from $865.1 million in 2010 to $770.1 million in 2011.

The economic downturn and increased competitive pressure contributed to reduction in transshipment and domestic container volumes in 2011 by 8,275 and 4,201 twenty-foot equivalent units (TEUs) respectively, when compared to 2010 volumes.

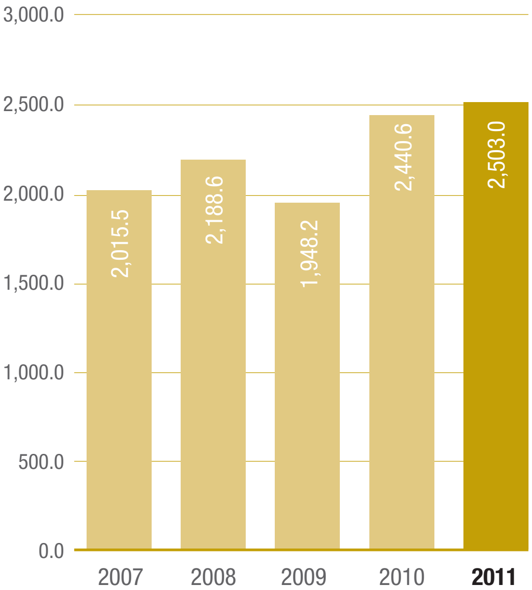
Expenses for the terminal operations grew by $356.1 million in 2011 to $1,958.5 million from $1,602.4 million when compared to 2010. Increased expenditure for financing, staff costs, utilities and fuel cumulatively accounted for the bulk of the increase in total expenses.

Despite the global economic challenges, the dynamic nature of the business environment demands that the Company constantly seek innovative solutions to remain viable and maintain a competitive footing. Therefore, the Company embarked on a strategic initiative that focuses on creating synergies to maximize operational efficiencies that serve the needs of its client base.

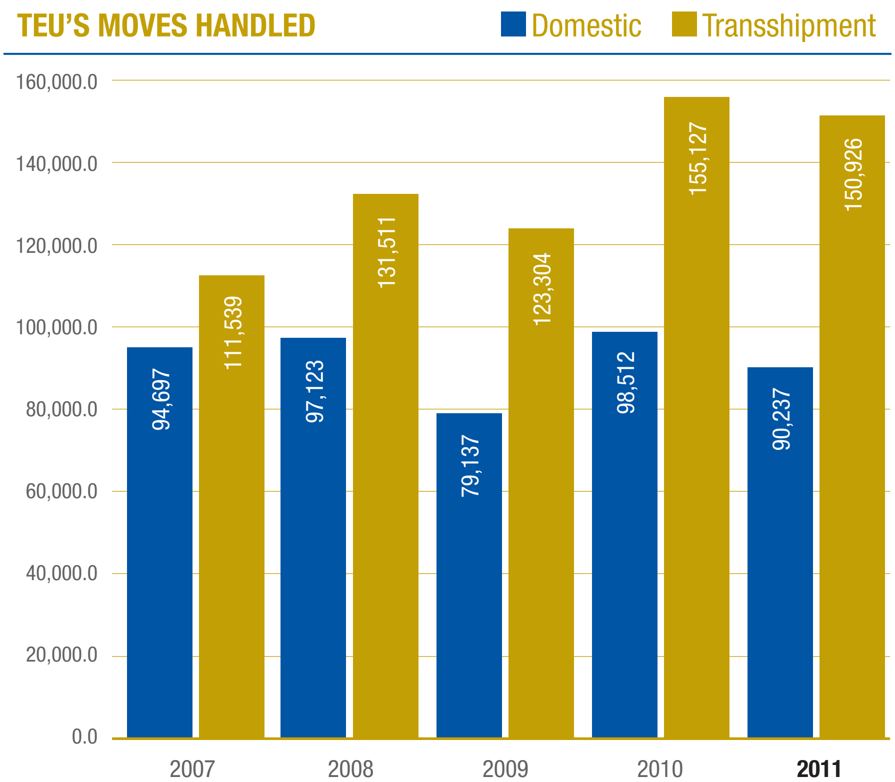
In support of this move, KWL purchased state-of-the-art equipment in order to bolster its operational capacity and enhance efficiency of the terminal. A Generation 5, Model 6 Gottwald Mobile Harbour Crane, two Taylor Reach Stackers and a Terberg Tug Master are the newest additions to the comprehensive range of terminal equipment, representing a combined capital investment of approximately US$5 million. This equipment acquisition represents the Company's commitment to continued upgrading of the multi-purpose terminal fleet and facilities and is geared at maintaining its competitive edge in the Region.

This acquisition has upgraded terminal facilities to meet the highest global standards and is proactively positioning the Company to take advantage of the expected increase in container vessels to the Region that will result from the completion of the Panama Canal Expansion.

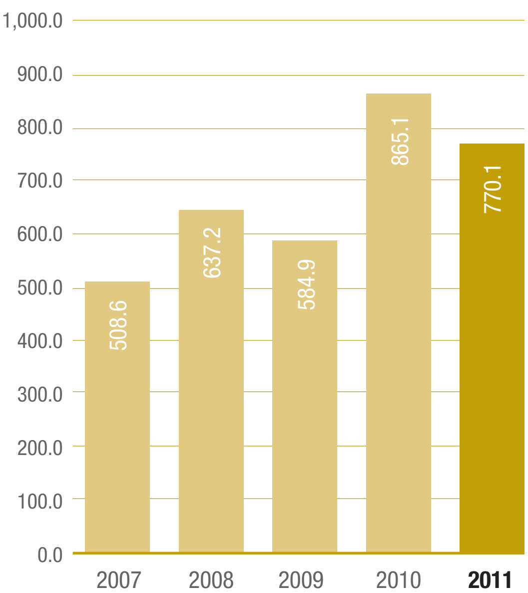
KINGSTON WHARVES LIMITED - REVENUE ($M)



TEU'S MOVES HANDLED



KINGSTON WHARVES LIMITED - OPERATING PROFIT ($M)



Generation 5, Model 6 Gottwald Mobile Harbour Crane

MANAGEMENT DISCUSSION & **Analysis** Cont'd

L-R Pauline Burton - Finance and Facilities Manager **Juliet Crawford** - Administration and Human Resources Manager **Calvin Watson** - Assistant Operations Manager **Captain George Reynolds** - Managing Director

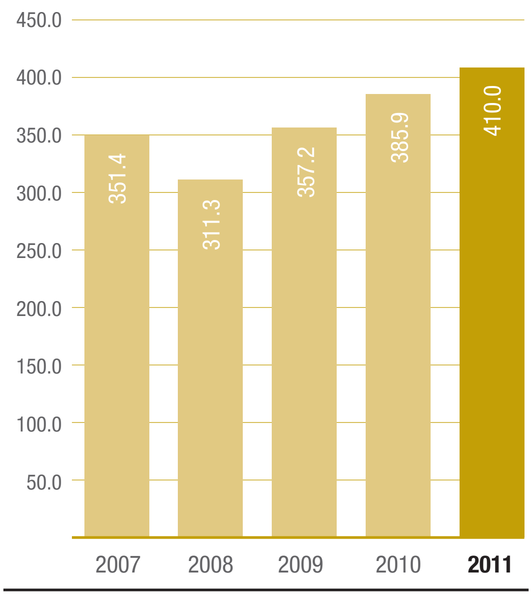
SECURITY ADMINISTRATORS LIMITED

The revenues of the security arm of the Group increased by 6% in 2011 from $386 million to $410 million. However, pretax profits of $33.5 million fell below prior year by $4.7 million dollars or 12%.

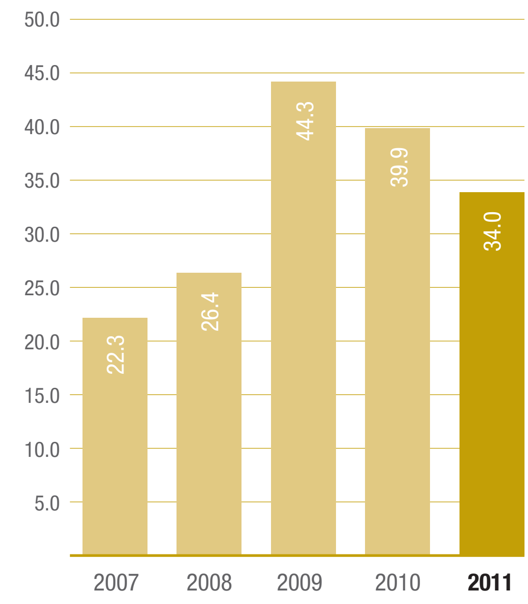
Contributory factors were increased expenditure in security fees arising from an increase in the Government of Jamaica minimum rates payable to Security Officers, as well as increased rates payable to other levels of Security Officers and Administrative Staff, which were retroactive to October 2010. Interest income also decreased as a result of Dividend Payments in June of 2011.

During 2012 the company objectives are to retain existing customers, expand the volume and range of services to existing customers, increasing the overall customer base and contain expenses.

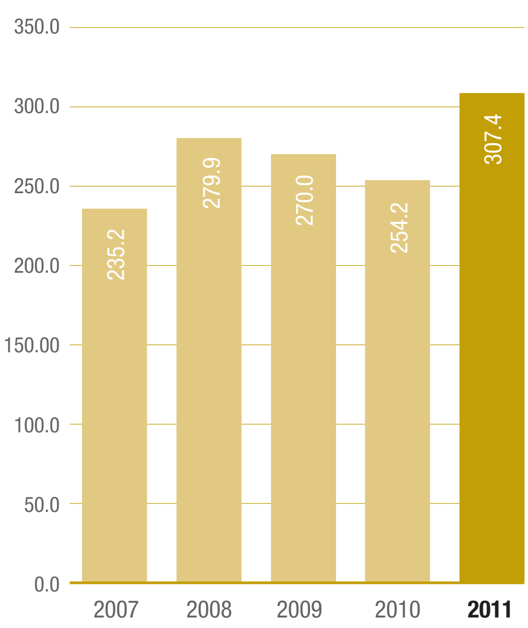
SECURITY ADMINISTRATORS LIMITED - REVENUE ($M)



SECURITY ADMINISTRATORS LIMITED - OPERATING PROFIT ($M)



HARBOUR COLD STORES - REVENUE ($M)



L-R Vilma Davidson - General Manager & Chief Accountant
Vincent Vassell - Operations Manager

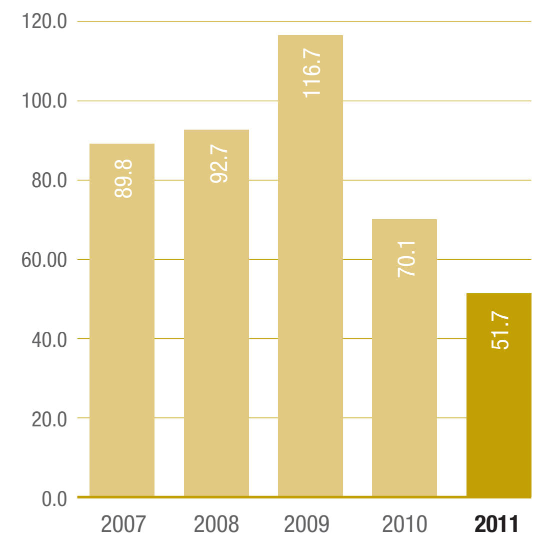
HARBOUR COLD STORES LIMITED

Harbour Cold Stores Limited (HCS) experienced several business challenges for year 2011 but also had some positives gains. Sales revenue recorded a 21% increase over 2010 and this was as a result of a renewed demand for storage space in the last quarter 2011. Revenue from interest income declined by 36% due to lower interest rates and reduced amounts on deposits as a result of a dividend payment of $100 million. HCS achieved a pre-tax profit of $51.7 million for 2011, 26% below the $70.1 million achieved in 2010.

HCS continues to be adversely affected by the high cost of electricity; despite several conservation methods employed, electricity costs increased by 30% in 2011.

The prevailing negative global economic and political factors continue to impact the drivers of the local economy and the business environment in which the Company operates, especially our major customers from the food industry and its network of distributors and retailers whose volumes in storage have diminished. HCS has lost many of its larger business customers who have relocated their cargo to their own cold storage facilities constructed to improve inventory and logistics management and to gain an overall reduction in costs.

HARBOUR COLD STORES - OPERATING PROFIT ($M)



MANAGEMENT DISCUSSION & **Analysis** Cont'd

High on the Company's agenda for 2012 will be the efforts to become compliant with the new Food Safety Modernization Act. This will include enclosing the loading and receiving bays, replacing aging and inefficient equipment, increasing the use of electronic recording and archiving devices, and the training of personnel to support operations

SECTIONAL OVERVIEW

ADVANCEMENT IN SAFETY & SECURITY

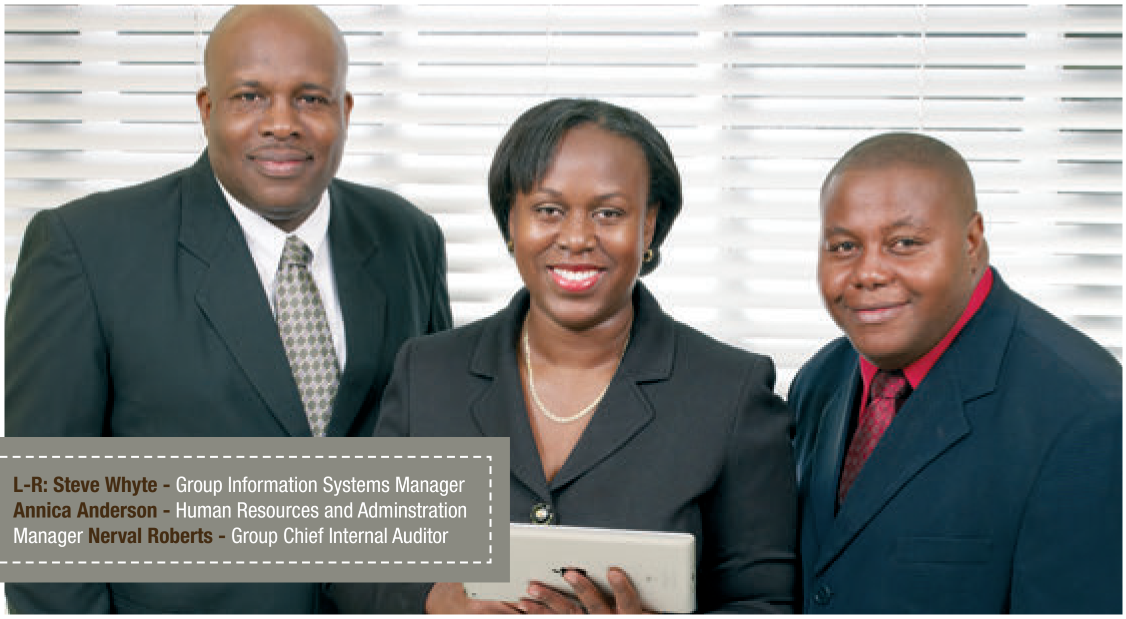
In 2011, there were many achievements from our increased focus on enhancing security systems and utilizing technology to automate numerous processes and activities. The company continues to employ a multi-layered approach to security, informed by best practices, which included electronic and manual components, tried and tested procedures and systems, multi-agency. Safety Awareness was enhanced through the delivery of Occupational Safety and Health (OSH) Training, Earthquake Response and ISPS Training for employees.

UPGRADE OF INFORMATION SYSTEMS

There was a major upgrade of KWL's production software environment in the third quarter of the 2011 Financial Year. The upgrade included the purchase of new production and failover servers, the replacement of the then IBM-AIX operating system with Linux Server OS, and the installation of the latest Tideworks (Mainsail) solution. The benefits of this upgrade include significant lowering of the annual maintenance costs associated with running IBM-based server systems and the ability of KWL to take full advantage of the added functionalities as is offered by the system.

As part of the ongoing mandate to improve disaster recovery and data redundancy strategies, contracts were signed with an overseas provider of online backup services. The Company's critical data are now stored at multiple offshore locations in the United States and frequent test restorations are now being developed. A contract has also been signed with a local telecommunications company to provide data centre services. This data centre will be an extension of the KWL data network and will be used specifically for hosting the Company's backup servers. This project will commence in the 2012 Financial Year.

L-R Lloyd Smith - Technical Services Manager **Valrie Campbell -** Safety and Security Claims Manager **Donald Beckford -** Acting Operations Manager **Antony Allen -** Facilities Maintenance Manager



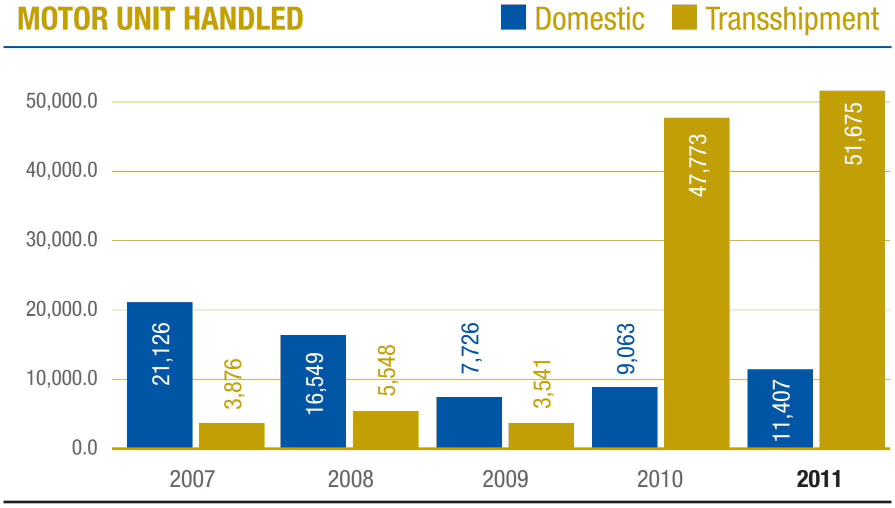
L-R: **Steve Whyte** - Group Information Systems Manager **Annica Anderson** - Human Resources and Adminstration Manager **Nerval Roberts** - Group Chief Internal Auditor

CAPACITY BUILDING OF OPERATIONS

Motor vehicle operations continued to register gains for the Terminal and Group in 2011. Motor vehicle vessels handled increased from 98 to 102. Accordingly, the number of motor units handled for the transhipment hub and domestic market improved by 3,902 units and 2,344 units or 8.2% and 25.9% respectively, when compared to the same period in 2010. Productivity was successfully maintained with the increased volume between 130 to 150 moves per hour for motor vehicles. The Terminal's motor unit handling capabilities were enhanced by the addition of a Terberg Tug Master, a specialised equipment boasting 250 horsepower for towing mafis laden with heavy duty motor units weighing up to 75 tonnes. The Company continues to pursue opportunities and synergies that will allow for the expansion and the provision of value-added services related to the successful operation of the regional motor vehicle transshipment hub.

The improved capacity facilitated by the new container handling equipment, the Gottwald Harbour Crane and Taylor Reach Stackers, have had a direct effect on operations, boosting productivity and efficiency levels at the Terminal with the goal to significantly stabilize overall maintenance costs, particularly as KWL's maintenance team possesses the leading regional experience in maintaining and servicing Gottwald Cranes.

MOTOR UNIT HANDLED



Though cargo volumes were predominantly flat in 2011, KWL's investment in technology is now done with a view to saving money in the long-term and this is expected to directly impact the Company's bottom line. Technologically current equipment will be critical in achieving benchmarked standards of service and productivity. An added advantage of these equipment is the environmental benefits. Their use of fuel is extremely cost-effective and highly efficient. It is expected to reduce fuel consumption and use less hydraulic oil, thereby making the danger of leaks less likely and this promotes an environmentally friendly operation.

MANAGEMENT DISCUSSION & **Analysis** Cont'd

Kingston Wharves Limited employees celebrate their completion of the **Sigma Corporate Run & Walk 2011**

PEOPLE DEVELOPMENT

A competent and motivated work force is critical to the success of becoming a world-class organization. The completion and implementation of the Human Resources Process Review and engendering a sustainability "culture" are pivotal to the achievement of this objective. Competence Assessment, Leadership and Succession Planning, Labour Relations and Performance Management, OSH Training, Environmental Compliance and Employee Wellness are the chief components of the action plan and are at varying stages of completion.

Negotiations between Management and the Unions were satisfactorily completed following the expiration of the agreed 2-year wage freeze.

The rejuvenation of wellness programmes reaped several benefits in 2011. The Group participated in the Sigma Corporate Run & Walk, an annual charity event to raise funds for worthy causes. In the Company's first entry into the National Business House Domino Competition, the Team claimed the Division Two Title, a noteworthy achievement. Other activities such as business house and in-house football competitions and the support of industry health and wellness fair will feature in the wellness programme going forward.

CUSTOMER SERVICE

As a Group, we have identified and are committed to the strategic objective of increasing customer value through consistent service at competitive prices. Excellent customer service delivery, consistent management of our brand and active stakeholder engagement are chief components in achieving this goal.

The introduction of a biannual customer satisfaction survey is intended to accurately inform the strategies that, when implemented, will provide a customer value proposition that is distinctive and differentiable. The ongoing Business Process Review and the implementation of the Wharfage Management Information Systems (WMIS) are expected to simplify and manage all critical customer processing activities while providing a framework for them to benchmark. Customer Service Training at all levels of the organization will ensure that the customer experience at all contact points is directed by empowered employees and strengthens the customer relationship.

A number of initiatives to improve service and clearance of cargo were implemented in 2011; most of these were effected before the busy Christmas period. At the Kingport Building, designated lines for customs brokers, freight forwarders and agents, an express line, additional cashiers and information officers resulted in faster turn-around time for Custom Brokers, Commercial and Personal Effects Customers. In continued partnership with the Jamaica Customs Department, the capacity of the Customs Central Manifest Office was expanded to facilitate the additional customs officers and customer queuing space to meet the processing demands. A number of the measures designed to bolster operations - such as Night Stripping and Saturday Openings - introduced the previous Christmas Season, were continued in 2011.

CORPORATE SOCIAL **Responsibility**

Players celebrate the taking of a wicket in the Championship Match of the **2011 KWL Cricket Competition**

National Under-15 Coach, Terrence Coke shows the proper technique in catching the cricket ball

Young player speaks to the media as part of the Cricket Camp media training instructions

Kingston Wharves Limited's commitment to improving and enhancing the lives of young Jamaicans and their communities is now enshrined in its social responsibility core value - to "play an active role in making our country and the community in which we operate a better place to live and work, knowing that the ongoing vitality of our country and community has a direct impact on the long-term success of our business." Despite the challenges of the business environment in 2011, KWL honoured this mandate and sought to bolster key aspects of its social responsibility programmes, recognising the immeasurable return for the children involved and, by extension, the Nation.

The **Annual KWL Under-15 Cricket Competition** is the largest single sponsorship of the Organisation. KWL is proud of its association with the competition for the past 22 years; a sponsorship which is the longest corporate sponsorship of any cricket tournament in Jamaica. Every national player in recent times has benefited from the programme which has produced an esteemed core of past and present players including James "Jimmy" Adams, Chris Gayle, Tamar Lambert, Wavell Hinds, Nkrumah Bonner and, most recently Marquino Mindley, the KWL 2009 scholarship awardee. For KWL, the competition continues to achieve a number of objectives including furthering the development of cricket skills, instilling discipline, strengthening concentration and fostering sportsmanship and camaraderie among young cricketers.

CORPORATE SOCIAL **Responsibility** Cont'd

Joint Champions, St. Andrew and Westmoreland, celebrate their "tied" win" of the **2011 KWL Cricket Competition**

For the first time, the competition was played as a parish tournament rather than as county teams. This new format gives the youngsters the opportunity to display their playing skills in more matches and it also provides a better base for the selection and the preparation of a National Under-15 Squad. The 2011 competition came to an exceptional close as St. Andrew and Westmoreland played to an exciting "tie" to share the top honours in the final, played at Sabina Park. The Joint Champions were presented with team prizes and special awards were made to the top performers of the competition which included gift cards to assist with their back-to-school expenses.

Under-15 Cricket Camp

An increase in the sponsorship amount to the Jamaica Cricket Association (JCA), assisted them in restoring the post-competition skills training camp which was discontinued the previous year due to limited financing. With this increased sponsorship, KWL aims to maintain the competition's rich tradition of identifying young Jamaican cricket talent while simultaneously providing a valuable training tool that contributes to the long-term development of the sport.

The 3-day cricket camp, held at Sabina Park, exposed the best players from the competition to theoretical and higher technical instructions on the game as well as special presentations on drugs in sports, media training, personal etiquette, and umpiring decisions. They also toured the KWL Terminal where they interacted with employees, including a presentation on career development. The camp was facilitated by National Coach, Junior Bennett, umpire Milton Thomas and National Under-15 Coach, Terrence Coke.

The camp culminated in a 40-overs cricket match to test the areas covered during the camp and a Presentation Ceremony where KWL Chairman and CEO, Grantley Stephenson, addressed the players.

The Next Over

KWL recognises that there are gaps in the National Junior Cricket Programme which often limits the potential of young cricketers and as such will seek to support the JCA's initiative to establish a wholesome pathway development programme in the coming years. This programme will identify, develop and nurture players through year-round remedial work.

KWL continues to fulfil its education mandate through:

- **Support of the Union Gardens Christian Academy**, an early childhood institution, located within the immediate community in which the KWL operates. The school was adopted 6 years ago as part of the Organisation's 60th Anniversary celebrations. The financial support of the school allows for the maintenance of the building, an annual field outing and an Annual Christmas Treat which is supported by KWL employees. KWL remains committed to the sustainable development of the school and renewed the scholarship for the School's Vice Principal who is pursuing a degree in Early Childhood Education at the Shortwood Teacher's College.

- **The Annual GSAT Awards Ceremony** where KWL recognises the achievement of the children of employees and provides financial assistance with school expenses.

- **Career Fairs at Tertiary Institutions**, used to inform and promote career options at KWL and in the wider shipping industry including the Caribbean Maritime Institute's Maritime Week Expo and the University of Technology Annual Career Fair.

- **Port Tours** are facilitated for primary, secondary and tertiary schools as a part of the fulfilment of the educational curriculum where the students are exposed to modes of transportation.

- **The Grace Kennedy Foundation's Education Run**, supported by KWL and its employees as a corporate fundraising initiative for community-based educational initiatives.

A school group during a tour of the KWL terminal, was invited by the ship's Captain to ask questions and be photographed alongside the ship"

EXECUTIVE TEAM **Profiles**

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

CHAIRMAN & CHIEF EXECUTIVE OFFICER – KINGSTON WHARVES LIMITED

Grantley Stephenson has overall responsibility for the growth, profitability and sustainability of the group's businesses. Embracing the group's vision he drives business development on a macro level charting and maintaining the course of steady growth for the group. He also provides leadership, planning and direction towards the formulation and achievement of the company's strategic objectives as set out by the Board. Additionally, he is charged with continually developing, enhancing and maintaining an effective strategic relationship with the key stakeholders of the business.

MARK WILLIAMS

GROUP CHIEF MARKETING & PLANNING OFFICER – KINGSTON WHARVES LIMITED

Mark Williams provides strategic direction for marketing and planning for the company. He has specific responsibility for domestic and international commercial business development, product development, branding and pricing, as well as business and strategic planning. Mr. Williams oversees customer service delivery across the organization, in addition to leading and managing the company's annual strategic planning process. He is also responsible for identifying major future initiatives for business growth and development. Providing executive leadership to the overall organization, as well as management team, he also facilitates quantitative analysis and assessment of the company's business performance.

KAREN GILBERT

GROUP CHIEF FINANCIAL OFFICER – KINGSTON WHARVES LIMITED

Karen Gilbert is primarily responsible for the strategic planning and control of the Group's financial operations. She administers the accounting system and is responsible for the company's assets. Mrs. Gilbert handles all strategic and tactical matters as they relate to budget management, cost benefit analysis and forecasting needs. Additionally, she oversees the management and coordination of all fiscal reporting activities for the group.

Mrs. Gilbert provides advice on asset acquisitions, including upgrading and disposal of assets, as well as other major revenue and expense considerations. In addition, she makes projections for future growth opportunities for the group.

ANNICA ANDERSON

HUMAN RESOURCES & ADMINISTRATION MANAGER – KINGSTON WHARVES LIMITED

Annica Anderson leads the management of the company's Human Resources, effectively motivating and developing the company's critical high-performing human capital base, in line with KWL's strategic initiatives, goals and objectives. In addition, she oversees the performance management system, the administration of employee compensation and benefits, as well as managing industrial and employee relations. She handles the recruitment process and manages the maintenance of employee records. Mrs. Anderson also manages the strategic planning, direction and implementation of all the company's personnel development programmes.

STEVE WHYTE

GROUP INFORMATION SYSTEMS MANAGER – KINGSTON WHARVES LIMITED

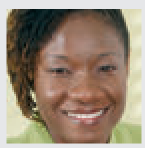
Steve Whyte leads the administration, systems analysis and implementation of computer applications and hardware across the Group. He is also responsible for evaluating the organization's technology use and needs and recommending improvements, including hardware and software upgrades. In addition, Mr. Whyte ensures that security and integrity of systems and data are maintained at the highest standards. He also ensures that data back-ups of all systems are done on a daily basis and a proper recording system is maintained and tested.

Mr. Whyte essentially develops computer information resources, providing for data security and control, strategic computing, and disaster recovery.

NERVAL ROBERTS

GROUP INTERNAL AUDITOR – KINGSTON WHARVES LIMITED

Nerval Roberts manages the preliminary reviews of all areas to be audited within the company including policies, procedures and practices. Additionally, he monitors, evaluates and determines the effectiveness of internal control systems. He also conducts checks, reconciliation, comparisons and verification of transactions. Mr. Roberts is responsible for the systematic disciplined approach to improving the effectiveness of risk management. He ensures that the company's assets are adequately safeguarded against loss and misappropriation.



VALRIE CAMPBELL

SAFETY AND SECURITY CLAIMS MANAGER – KINGSTON WHARVES LIMITED

Valrie Campbell is charged with developing, implementing and managing the company's safety and security policies and procedures in order to safeguard personnel and property on the terminal. She ensures that a periodic strategic review of all safety and security measures is conducted, to improve effectiveness. Additionally, she is responsible for developing and conducting employee training to ensure compliance with the company's safety programme. She also monitors and investigates all safety and security breaches and implements corrective measures swiftly.

ANTONY ALLEN

FACILITIES MAINTENANCE MANAGER – KINGSTON WHARVES LIMITED

Antony Allen is responsible for ensuring that the company's infrastructure is maintained at the highest standards, by developing and implementing effective maintenance programmes for the company's facilities. In addition, he handles the procurement of contractor services to effect repairs and maintain buildings and fixtures on the premises. Mr. Allen also handles the execution of capital projects in consultation with the Operations Manager.

LLOYD SMITH
TECHNICAL SERVICES MANAGER – KINGSTON WHARVES LIMITED

Lloyd Smith handles the development and implementation of effective electrical maintenance and mechanical engineering programmes for the company's facilities. He also handles the procurement services of contractors to effect repairs on electrical installations and fixtures. He monitors all electrical and related systems, as well as mechanical construction and maintenance activities. Mr. Smith handles the development and maintenance of safety systems. Additionally, he ensures that all electrical installations and systems are maintained at the highest possible level.

DONALD BECKFORD
ACTING OPERATIONS MANAGER – KINGSTON WHARVES LIMITED

Donald Beckford is responsible for the efficient and profitable operations of the dock facilities. He assists with developing strategic programmes to facilitate achievement of long and short term benefits of dock/port operations. Mr. Beckford supervises and monitors dock operations, ensuring that adequate preparation is made for the receiving, safe custody and delivery of cargo. In addition, he is responsible for the maintenance of adequate facilities and equipment and ensuring that all operations are carried out in accordance with the various laws, regulations and agreements that are applicable to port operations.

VILMA DAVIDSON
GENERAL MANAGER & CHIEF ACCOUNTANT – HARBOUR COLD STORES LIMITED

Vilma Davidson drives the development and implementation of broad policies and goals for the company. She is responsible for the maximization of the company's resources in accordance with the company's strategic plans. In addition, she ensures the delivery of high quality customer service and that security measures are implemented for the adequate protection of property and persons and the elimination of pilferage within the warehouse.

Ms. Davidson is responsible for the management of the company's financial resources, monitoring critical aspects of the company's financial position including revenue, expenditure and investments, as well as the preparation of capital and recurrent budgets.

VINCENT VASSELL
OPERATIONS MANAGER – HARBOUR COLD STORES LIMITED

Vincent Vassell is responsible for planning, co-ordinating and directing the company's operations. He designs, tests and evaluates systems and procedures to improve the company's operational efficiency. Additionally, he ensures that the required manpower, equipment and facilities are in place to facilitate the smooth functioning of Warehouse Operations. Mr. Vassell also ensures that adequate security measures are implemented and enforced.

CAPTAIN GEORGE REYNOLDS
MANAGING DIRECTOR – SECURITY ADMINISTRATORS LIMITED

Captain George Reynolds provides strategic leadership and monitors operational performance ensuring that the company's objectives and targets are met. He is responsible for guiding the growth of business. He ensures that adequate security measures aimed at protecting the property of the terminal, shipping agents and consignees and reducing illicit use of the port are implemented and maintained.

PAULINE BURTON
FINANCE AND FACILITIES MANAGER – SECURITY ADMINISTRATORS LIMITED

Pauline Burton manages all the company's accounting functions as well as facilitating internal and external auditors. She is responsible for treasury management and co-ordinates the preparation of budgets and financial statements. She also monitors the acquisition and maintenance of the company's assets. Additionally, she provides supervision to the accounting and maintenance staff.

CALVIN WATSON
ASSISTANT OPERATIONS MANAGER – SECURITY ADMINISTRATORS LIMITED

Calvin Watson is responsible for the co-ordination and supervision of all security activities at client locations, as well as security systems for vessels at the relevant port facilities in conjunction with other support agencies. He undertakes continuous auditing of all the agreed Systems and Procedures for Security Officers, making recommendations and highlighting weaknesses and breaches in security arrangements. In addition, he helps to enforce the safety requirements at the terminal. Mr. Watson also assesses the training needs of the staff, designs and conducts appropriate training programmes as needed.

JULIET CRAWFORD
ADMINISTRATION AND HUMAN RESOURCES MANAGER – SECURITY ADMINISTRATORS LIMITED

Juliet Crawford guides and manages the overall provision of Human Resources services, policies and programme for the company. She also directs administration, while overseeing recruitment and staffing; performance management and improvement systems; employee orientation, development and training; employee compensation, benefits and welfare as well as the preparation of employee contracts. In addition she manages the activities of the National Port Identification Processing Centre, which includes port identification card production.

Ms. Crawford is also responsible for ensuring that the relevant equipment is maintained and serviced on a scheduled basis and that critical supplies are kept in sufficient stock.

TOP TEN **Shareholders** as at December 31, 2011

SHAREHOLDERS	SHAREHOLDING	PERCENTAGE OF OWNERSHIP
National Commercial Bank Jamaica Limited	360,807,145	33.64
Shipping Association of Jamaica Property Limited	168,933,715	15.75
Kingston Port Workers Superannuation Fund	160,928,179	15.00
NCB Capital Markets A/C No. 2231	105,283,757	9.82
Maritime & Transport Services Limited	71,475,924	6.66
Jamaica Fruit & Shipping Co. Limited	58,906,184	5.49
Lannaman & Morris (Shipping) Limited	28,736,164	2.68
Sagicor PIF Equity Fund	10,286,533	0.96
NCB Insurance Co Limited - A/C WT 181	10,000,000	0.93
St. Mary Banana Estates Limited	9,390,786	0.88

DIRECTORS' & SENIOR MANAGERS' **Shareholdings** as at December 31, 2011

DIRECTORS	DIRECT	CONNECTED PARTIES*
Grantley Stephenson	331,369	Nil
Roger Hinds	Nil	1,481,481
Kim Clarke	Nil	71,475,924
Harriat Maragh	Nil	28,736,164
Charles Johnston	24,458	58,906,184
Peter Lawson	Nil	Nil
Alvin Henry	91,333	Nil
Stephen Lyn Kee Chow	150,000	Nil
Karlene Bailey	Nil	Nil
Derek Jones	Nil	Nil
SENIOR MANAGERS		
Karen Gilbert	Nil	Nil
Alrick Mitchell, resigned as Operations Manager in August 2011	4,333	Nil
Mark Williams	Nil	Nil

* Include shares held by connected parties

CORPORATE **Data**

CHAIRMAN & CHIEF EXECUTIVE OFFICER

Grantley Stephenson, appointed Chairman in January 2012

DIRECTORS

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

AUDITORS

PRICEWATERHOUSECOOPERS
Scotiabank Centre
Corner of Duke & Port Royal Streets
Kingston

ATTORNEYS-AT-LAW

DUNNCOX
48 Duke Street
Kingston

GARCIA & COMPANY
Unit 2, Building B
Ardenne House
11 Ardenne Road
Kingston 10

HART MUIRHEAD FATTA
2nd Floor
53 Knutsford Boulevard
Kingston 5

HYLTON & HYLTON
31 Upper Waterloo Road
Kingston 10

HYLTON BROWN INTERNATIONAL
6-8 St. Lucia Avenue
Kingston 5

LIVINGSTON ALEXANDER & LEVY
72 Harbour Street
Kingston

MICHAEL HYLTON & ASSOCIATES
11A Oxford Road
Kingston 5

MYERS, FLETCHER & GORDON
21 East Street
Kingston

NICHOLSON PHILLIPS
22 Trafalgar Road
Kingston 10

PATTERSON MAIR HAMILTON
63-67 Knutsford Boulevard
Kingston 5

WILSON FRANKLYN BARNES
21 Connolley Avenue
Kingston 4

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 OFFICES

KINGPORT BUILDING
Third Street
Newport West
Kingston 11, Jamaica
Tel: (876) 923-9211
Fax: (876) 923-5361

KINGSTON WHARVES LIMITED

FINANCIAL STATEMENTS

31 December 2011

INDEX to FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of
Kingston Wharves Limited

Report on the Consolidated and Company Stand Alone Financial Statements

We have audited the accompanying consolidated financial statements of Kingston Wharves Limited and its subsidiaries, set out on pages 42 to 102, which comprise the consolidated balance sheet as at 31 December 2011 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the accompanying financial statements of Kingston Wharves Limited standing alone, which comprise the balance sheet as at 31 December 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Company Stand Alone Financial Statements

Management is responsible for the preparation of consolidated and company stand alone financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and company stand alone financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and company stand alone 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 about whether the consolidated and company stand alone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and company stand alone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and company stand alone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and company stand alone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and company stand alone financial statements.

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

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

Members of Kingston Wharves Limited
Independent Auditor's Report
Page 2

Opinion

In our opinion, the consolidated financial statements of Kingston Wharves Limited and its subsidiaries, and the financial statements of Kingston Wharves Limited standing alone give a true and fair view of the financial position of the group and the company as at 31 December 2011 and of their financial performance and cash flows for the year then ended, so far as concerns the members of Kingston Wharves Limited, 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 Jamaican Companies Act, in the manner so required.

PricewaterhouseCoopers

Chartered Accountants
4 April 2012
Kingston, Jamaica

Group Statement of COMPREHENSIVE INCOME Year Ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Revenue		3,168,802	3,025,883
Direct costs		(1,935,733)	(1,592,450)
Gross Profit		1,233,069	1,433,433
Other operating income	8	93,373	70,417
Administration expenses		(685,678)	(582,127)
Operating Profit		640,764	921,723
Finance costs	9	(173,465)	(34,442)
Profit before Income Tax		467,299	887,281
Income tax expense	10	(122,287)	(275,671)
Net Profit for Year		345,012	611,610
Other Comprehensive Income			
Surplus recognised on revaluation of property, plant and equipment		1,732,373	-
Deferred tax effect on other comprehensive income	29	(438,041)	-
Other Comprehensive Income for Year net of Tax		1,294,332	-
Total Comprehensive Income for Year		1,639,344	611,610
Net Profit Attributable to:			
Equity holders of the company	11	337,604	602,741
Non-controlling interest	12	7,408	8,869
		345,012	611,610
Total Comprehensive Income Attributable to:			
Equity holders of the company		1,631,936	602,741
Non-controlling interest	12	7,408	8,869
		1,639,344	611,610
Earnings per stock unit for profit attributable to the equity holders of the company during the year	13	$0.31	$0.56

Group BALANCE SHEET 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	12,116,385	10,009,903
Intangible asset	16	3,773	5,030
Recoverable from The Port Authority of Jamaica	18	23,187	40,143
Deferred income tax assets	29	1,128	1,560
Retirement benefit asset	19	526,360	453,342
		12,670,833	10,509,978
Current Assets			
Inventories	20	23,275	28,529
Trade and other receivables	22	480,894	480,901
Taxation recoverable		64,750	14,963
Short term investments	23	1,033,894	1,201,909
Cash and bank	23	42,761	80,769
		1,645,574	1,807,071
Total assets		14,316,407	12,317,049

Group **BALANCE SHEET** Cont'd 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	24	291,648	291,648
Capital reserves	25	6,716,356	5,409,445
Asset replacement/rehabilitation and depreciation reserves	26	214,796	214,796
Retained earnings		2,285,354	1,992,508
		9,508,154	7,908,397
Non-controlling Interest	12	45,544	51,469
		9,553,698	7,959,866
LIABILITIES			
Non-current Liabilities			
Borrowings	27	1,953,538	2,003,744
Deferred income tax liabilities	29	1,800,699	1,316,140
Retirement benefit obligations	19	163,893	143,014
		3,918,130	3,462,898
Current Liabilities			
Trade and other payables	30	395,262	349,067
Taxation		-	86,540
Borrowings	27	449,317	458,678
		844,579	894,285
Total equity and liabilities		14,316,407	12,317,049

Approved for issue by the Board of Directors on 4 April 2012 and signed on its behalf by:

Grantley Stephenson — Chairman and CEO

Alvin Henry — Director

Group Statement of **CHANGES IN EQUITY** Year Ended 31 December 2011

(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 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
Total comprehensive income for the year			1,294,332	-	337,604	1,631,936	7,408	1,639,344
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	-	-	-	(32,179)	(32,179)	(13,333)	(45,512)
Balance at 31 December 2011		291,648	6,716,356	214,796	2,285,354	9,508,154	45,544	9,553,698

Group Statement of CASH FLOWS Year Ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Net profit		345,012	611,610
Adjustments for:			
Amortisation	16	1,257	1,258
Depreciation	15	262,561	250,804
Foreign exchange adjustment on loans		18,238	(104,597)
Loss/(gain) on disposal of property, plant and equipment		121	(669)
Retirement benefit asset		(73,018)	(123,643)
Retirement benefit obligations		20,879	23,973
Interest income	8	(65,623)	(86,624)
Interest expense	9	155,227	139,039
Taxation	10	122,287	275,671
		786,941	986,822
Changes in operating assets and liabilities:			
Inventories		5,254	(23,366)
Trade and other receivables		3,507	16,642
Trade and other payables		109,221	239
Recoverable from The Port Authority of Jamaica		16,956	14,964
Cash provided by operations		921,879	995,301
Tax paid		(211,664)	(188,286)
Net cash provided by operating activities		710,215	807,015
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(638,022)	(111,172)
Proceeds from sale of property, plant and equipment		1,231	1,247
Interest received		59,182	91,859
Net cash used in investing activities		(577,609)	(18,066)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(95,562)	(28,608)
Dividends paid to non-controlling interest		(13,333)	-
Interest paid		(154,870)	(139,039)
Loans received		469,766	-
Loans repaid		(559,751)	(440,258)
Net cash used in financing activities		(353,750)	(607,905)
Net (decrease)/increase in cash and cash equivalents		(221,144)	181,044
Net cash and cash equivalents at beginning of year		1,282,678	1,120,133
Exchange adjustment on foreign currency cash and cash equivalents		2,941	(18,499)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	23	1,064,475	1,282,678

Company Statement of COMPREHENSIVE INCOME Year Ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Revenue		2,503,034	2,440,644
Direct expenses		(1,444,962)	(1,196,430)
Gross Profit		1,058,072	1,244,214
Other operating income	8	225,550	26,869
Administration expenses		(513,522)	(405,964)
Operating Profit		770,100	865,119
Finance costs	9	(188,299)	(53,538)
Profit before Income Tax		581,801	811,581
Income tax expense	10	(105,397)	(248,833)
Net Profit for the Year		476,404	562,748
Other Comprehensive Income			
Surplus recognised on revaluation of property, plant and equipment		1,134,243	-
Deferred tax effect on other comprehensive income	29	(284,887)	-
Other Comprehensive Income for Year net of Tax		849,356	-
Total Comprehensive Income for Year		1,325,760	562,748

Company BALANCE SHEET 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	8,813,594	7,242,900
Intangible asset	16	3,773	5,030
Investments in subsidiaries	17	75,731	75,731
Recoverable from The Port Authority of Jamaica	18	23,187	40,143
Retirement benefit asset	19	526,360	453,342
		9,442,645	7,817,146
Current Assets			
Inventories	20	13,994	2,256
Trade and other receivables	22	306,296	366,250
Group companies	21	66,064	1,359
Taxation recoverable		50,828	-
Short term investments	23	435,182	589,673
Cash and bank	23	15,142	32,059
		887,506	991,597
Total assets		10,330,151	8,808,743

Company **BALANCE SHEET** Cont'd 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
EQUITY			
Stockholders' Equity			
Share capital	24	291,648	291,648
Capital reserves	25	3,740,130	2,878,195
Asset replacement/rehabilitation and depreciation reserves	26	212,968	212,968
Retained earnings		1,983,763	1,552,117
		6,228,509	4,934,928
LIABILITIES			
Non-current Liabilities			
Borrowings	27	2,001,054	2,076,459
Deferred income tax liabilities	29	1,064,739	716,965
Retirement benefit obligations	19	163,893	143,014
		3,229,686	2,936,438
Current Liabilities			
Trade and other payables	30	331,330	305,871
Group companies	21	66,109	66,433
Taxation payable		-	81,195
Borrowings	27	474,517	483,878
		871,956	937,377
Total equity and liabilities		10,330,151	8,808,743

Approved for issue by the Board of Directors on 4 April 2012 and signed on its behalf by:

Grantley Stephenson — Chairman and CEO

Alvin Henry — Director

Company Statement of CHANGES IN EQUITY Year ended 31 December 2011

(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 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 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
Total comprehensive income for the year		-	849,356	-	476,404	1,325,760
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	-	-	-	(32,179)	(32,179)
Balance at 31 December 2011		291,648	3,740,130	212,968	1,983,763	6,228,509

Company Statement of **CASH FLOWS** Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Net profit		476,404	562,748
Adjustments for:			
Amortisation	16	1,257	1,258
Depreciation	15	193,238	184,057
Foreign exchange adjustment on long term loans		18,238	(104,597)
Gain on disposal of property, plant and equipment		(24)	(421)
Retirement benefit asset		(73,018)	(123,643)
Retirement benefit obligations		20,879	23,973
Interest income	8	(25,235)	(22,441)
Interest expense	9	170,061	158,135
Taxation	10	105,397	248,833
		887,197	927,902
Changes in operating assets and liabilities:			
Inventories		(11,738)	(755)
Group companies		(68,523)	10,904
Trade and other receivables		57,643	(17,301)
Trade and other payables		88,485	8,188
Recoverable from The Port Authority of Jamaica		16,956	14,964
Cash provided by operations		970,020	943,902
Tax paid		(174,533)	(134,209)
Net cash provided by operating activities		795,487	809,693
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(629,689)	(103,434)
Proceeds from sale of property, plant and equipment		24	421
Interest received		24,917	24,180
Net cash used in investing activities		(604,748)	(78,833)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(95,562)	(28,608)
Interest paid		(166,210)	(153,650)
Loans received		469,766	-
Loans repaid		(584,950)	(465,458)
Net cash used in financing activities		(376,956)	(647,716)
Net (decrease)/increase in cash and cash equivalents		(186,217)	83,144
Net cash and cash equivalents at beginning of year		588,832	522,743
Exchange adjustment on foreign currency cash and cash equivalents		2,629	(17,055)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	23	405,244	588,832

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 and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain items 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 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 which have impacted the Group's accounting policies and/or financial disclosures. 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. The pronouncements were effective from 1 January 2011, unless otherwise indicated.

- **IAS 1 (Amendment), 'Presentation of financial statements'**
  This amendment requires retrospective application. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The Group and company have elected to continue the analysis of other comprehensive income in the statement of changes in equity.

- **IAS 24 (Revised), 'Related party disclosures'**
  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 adoption of this standard did not have a significant impact on the Group's and company's related party disclosures.

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)

- **IAS 34, 'Interim financial reporting'**
  Retrospective application required. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around the circumstances likely to affect fair values of financial instruments and their classification, transfers of financial instruments between different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liabilities and assets. The amendment did not result in any changes to the disclosures in the financial statements.

- **IFRS 7, 'Financial Instruments'**
  This amendment clarifies the disclosure requirement by emphasising the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment did not result in any changes to the disclosures in the financial statements.

- **Amendment to IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'**
  The amendment corrects an unintended consequence arising from the treatment of pre-payments where there is a minimum funding requirement. The change results in pre-payments of contributions in certain circumstances being recognised as an asset rather than an expense. There was no significant impact on the Group or the parent entity's financial statements.

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

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 after 1 January 2011 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.

- **IAS 1 (Amendment), 'Presentation of financial statements'** (effective for annual periods beginning on or after 1 July 2012). The amendment requires an entity to group items presented in other comprehensive income on the basis of whether they are subsequently potentially reclassifiable to profit or loss (reclassification adjustments). The amendments to IAS 1 do not address which items are presented in other comprehensive income. The adoption of this amendment is not expected to have a significant impact on the Group's financial statements.

- **IAS 12 (Amendment), 'Income taxes'** (effective for annual periods beginning on or after 1 January 2012). The amendment requires an entity to measure deferred taxes relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. For assets measured using the fair value model in IAS 40, 'Investment properties', it is often difficult and subjective to assess whether recovery will be through use or through sale. The adoption of this amendment is not expected to have a significant impact on the Group's financial statements.

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 (continued)

- **IAS 19, 'Employee benefits'** (effective for annual periods beginning on or after 1 January 2013). This amendment eliminates the corridor approach and recognises all actuarial gains and losses in other comprehensive income (OCI) as they occur. All past service costs will be recognised immediately and interest costs and expected return on plan assets will be replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit asset or liability. The Group is yet to assess the full impact of this amendment.

- **IAS 28 (Revised), 'Investments in Associates and Joint Ventures'**, (effective for annual periods beginning on or after 1 January 2013). IAS 28 (Revised) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. This standard is not expected to have a significant impact on the Group's financial statements.

- **IFRS 9, 'Financial instruments'** part 1: Classification and measurement (effective for annual periods beginning on or after 1 January 2015). The standard introduces new requirements for the classification, measurement and recognition of financial assets and financial liabilities, in order to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The determination of classification will be made at initial recognition, and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted for financial assets without adopting the requirements for financial liabilities. The Group is considering the implications of the standard, the impact on the Group and the timing of its adoption by the Group.

- **IFRS 10, 'Consolidated financial statements'** (effective for annual periods beginning on or after 1 January 2013). The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. It defines the principle of control, and establishes controls as the basis for consolidation. It is not expected that the adoption of this standard will have a significant impact on the Group.

- **IFRS 12, 'Disclosures of interests in other entities'** (effective for annual periods beginning on or after 1 January 2013) includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off statement of financial position vehicles. The standard will likely result in expanded disclosure in the financial statements.

- **IFRS 13, 'Fair value measurement'** (effective for annual periods beginning on or after 1 January 2013). IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards, for both financial instruments and non-financial instruments. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not say when to measure fair value or require additional fair value measurements. In general, the disclosure requirements of IFRS 13 are more extensive than those required in current standards. Management is assessing the impact of adoption on the Group.

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. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. 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 Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (continued)

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			
Kingston Terminal Operators Limited		100%	31 December
Sub-Subsidiaries			
Jamaica Cooling Stores Limited	Non-Trading	100%	31 December
Security Administrators Specialist Services Limited	Security services	66 ⅔%	31 December

Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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.

(c) Revenue and income recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, 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.

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.

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 profit or loss during the financial period in which they are incurred.

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

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 profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2. Summary of Significant Accounting Policies (Continued)

(e) Intangible asset

Separately acquired computer software licences are shown at historical cost less subsequent amortisation. 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.

(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 presentation currency and the functional currency of all the entities in the Group.

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 profit or loss.

(h) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions as it relates to operations.

(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.

2. Summary of Significant Accounting Policies (Continued)

(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 profit and loss 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 profit or loss.

(k) Employee benefits

Pension obligations

The Group operates 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.

A subsidiary also participates in a defined contribution plan whereby it pays contributions to a privately administered fund. Once the contributions have been paid, the subsidiary has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

2. Summary of Significant Accounting Policies (Continued)

(k) Employee benefits (continued)

Other retirement obligations

The Group provides retirement 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.

(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 net of bank overdrafts.

(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, 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.

2. Summary of Significant Accounting Policies (Continued)

(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 profit and loss on a straight-line basis over the period of the lease.

(r) 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 profit and loss 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.

(s) 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.

(t) 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 profit or loss in the statement of comprehensive income, except where it relates to items charged or credited to other comprehensive income or 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.

2. Summary of Significant Accounting Policies (Continued)

(u) 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 as loans and receivables. 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 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 and comprise recoverable from The Port Authority of Jamaica in the balance sheet. Loans and receivables included in current assets comprise trade and other receivables, group balances, cash and short-term investments in the balance sheet.

Financial 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 as trade and other payables, group company balances, bank overdrafts 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 and cash flow interest rate 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. For the Group, market risk includes currency risk and interest rate risk.

3. Financial Risk Management (Continued)

(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.

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 2011, trade receivables of $236,011,000 (2010 - $229,515,000) for the Group and $157,023,000 (2010 - $169,863,000) 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	
	2011 **$'000**	**2010** **$'000**	**2011** **$'000**	**2010** **$'000**
31 - 60 days	126,151	125,160	94,456	102,012
Over 60 days	109,860	104,355	62,567	67,851
	236,011	229,515	157,023	169,863

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

As of 31 December 2011, trade receivables of $9,385,000 (2010 - $23,202,000) and $7,914,000 (2010 - $12,914,000) 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	
	2011 **$'000**	**2010** **$'000**	**2011** **$'000**	**2010** **$'000**
31 - 60 days	-	1,180	-	-
Over 60 days	9,385	22,022	7,914	12,914
	9,385	23,202	7,914	12,914

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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
At 1 January	23,202	16,903	12,914	15,548
Provision for impairment	7,576	22,832	7,051	13,662
Receivables written off during the year as uncollectible	(1,314)	(15,785)	-	(15,548)
Amounts recovered/reversed	(20,079)	(748)	(12,051)	(748)
At 31 December	9,385	23,202	7,914	12,914

The creation and release of provision for impaired receivables have been included in expenses in profit or loss 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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Top ten customers	419,189	432,369	279,291	334,739
Other	36,854	35,966	15,941	26,999
	456,043	468,335	295,232	361,738
Less: Provision for impairment	(9,385)	(23,202)	(7,914)	(12,914)
	446,658	445,133	287,318	348,824

(ii) Short term investments

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

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.

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 at contractual maturity dates.

	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
			2011			
Long term loans	55,692	102,659	446,933	1,839,751	496,120	2,941,155
Trade and other payables	389,620	4,527	1,115	-	-	395,262
Bank overdrafts	12,180	-	-	-	-	12,180
Total financial liabilities	457,492	107,186	448,048	1,839,751	496,120	3,348,597
			2010			
Long term 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	384,366	107,185	445,145	2,188,770	2,933	3,128,399

	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
			2011			
Long term loans	58,610	108,349	471,655	1,897,258	494,669	3,030,541
Trade and other payables	331,330	-	-	-	-	331,330
Group companies	66,109	-	-	-	-	66,109
Bank overdrafts	12,180	-	-	-	-	12,180
Total financial liabilities	468,229	108,349	471,655	1,897,258	494,669	3,440,160
			2010			
Long term 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	425,989	105,851	466,155	2,276,371	1,480	3,275,846

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

3. Financial Risk Management (Continued)

(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 significant level of foreign currency borrowings. 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**
		2011	
Financial Assets			
Short term investments	670,380	363,514	1,033,894
Trade and other receivables	203,088	277,806	480,894
Cash and bank	36,640	6,121	42,761
Total financial assets	910,108	647,441	1,557,549
Financial Liabilities			
Long term loans	623,829	1,766,846	2,390,675
Trade and other payables	373,067	22,195	395,262
Bank overdrafts	12,180	-	12,180
Total financial liabilities	1,009,076	1,789,041	2,798,117
Net financial position	(98,968)	(1,141,600)	(1,240,568)
		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			
Long term 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)

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**
		2011	
Financial Assets			
Short term investments	120,264	314,918	435,182
Trade and other receivables	28,613	277,683	306,296
Group companies	66,064	-	66,064
Cash and bank	9,021	6,121	15,142
Total financial assets	223,962	598,722	822,684
Financial Liabilities			
Long term loans	696,545	1,766,846	2,463,391
Trade and other payables	309,135	22,195	331,330
Group companies	66,109	-	66,109
Bank overdrafts	12,180	-	12,180
Total financial liabilities	1,083,969	1,789,041	2,873,010
Net financial position	(860,007)	(1,190,319)	(2,050,326)
		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			
Long term 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)

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 1% (2010 - 5%) appreciation and a 1% (2010 - 5%) depreciation change in foreign currency rates. The sensitivity of the profit was primarily 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 significant level of 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. There is no impact on other comprehensive income or equity.

	Change in Currency Rate	Effect on Profit before Taxation	Change in Currency Rate	Effect on Profit before Taxation
	2011 %	2011 $'000	2010 %	2010 $'000
	The Group			
Currency:				
USD	+1	11,416	+5	70,050
USD	-1	(11,416)	-5	(70,050)
	The Company			
USD	+1	11,903	+5	71,746
USD	-1	(11,903)	-5	(71,746)

(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.

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
				2011			
Assets							
Short term investments	492,894	541,000	-	-	-	-	1,033,894
Trade and other receivables	-	-	-	-	-	480,894	480,894
Cash and bank	33,862	-	-	-	-	8,899	42,761
Total financial assets	526,756	541,000	-	-	-	489,793	1,557,549
Liabilities							
Long term loans	41,166	74,288	321,706	1,833,270	117,312	2,933	2,390,675
Trade and other payables	-	-	-	-	-	395,262	395,262
Bank overdrafts	12,180	-	-	-	-	-	12,180
Total financial liabilities	53,346	74,288	321,706	1,833,270	117,312	398,195	2,798,117
Total interest repricing gap	473,410	466,712	(321,706)	(1,833,270)	(117,312)	91,598	(1,240,568)
				2010			
Assets							
Short term investments	747,645	454,264	-	-	-	-	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	454,264	70,307	-	-	463,183	1,763,579
Liabilities							
Long term 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	377,276	(272,603)	(2,001,290)	-	111,183	(1,047,910)

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**
				2011			
Assets							
Short term investments	224,740	210,442	-	-	-	-	435,182
Trade and other receivables	-	-	-	-	-	306,296	306,296
Group companies	-	-	-	-	-	66,064	66,064
Cash and bank	14,992	-	-	-	-	150	15,142
Total financial assets	239,732	210,442	-	-	-	372,510	822,684
Liabilities							
Long term loans	43,266	78,467	340,605	1,884,338	115,235	1,480	2,463,391
Trade and other payables	-	-	-	-	-	331,330	331,330
Group companies	-	-	-	-	-	66,109	66,109
Bank overdrafts	12,180	-	-	-	-	-	12,180
Total financial liabilities	55,446	78,467	340,605	1,884,338	115,235	398,919	2,873,010
Total interest repricing gap	184,286	131,975	(340,605)	(1,884,338)	(115,235)	(26,409)	(2,050,326)
				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							
Long term 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)

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. There was no impact on other comprehensive income or equity.

Change in basis points				The Group		The Company	
				Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation
2011 JMD	2011 USD	2010 JMD	2010 USD	2011 $'000	2010 $'000	2011 $'000	2010 $'000
+100	+50	+200	+50	6,365	1,498	13,025	1,690
-100	-50	-200	-50	(6,365)	(1,498)	(13,025)	(1,690)

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 non-controlling 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 stockholders' equity is calculated as capital and reserves attributable to company's equity holders as shown in the consolidated balance sheet.

During 2011, the Group's strategy, which was unchanged from 2010, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2011 and 2010 were as follows:

	2011 $'000	2010 $'000
Total long term borrowings (Note 28)	2,390,675	2,462,422
Total stockholders' equity	9,555,962	7,908,397
Gearing ratio (%)	25	31

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.

(e) 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.

(i) 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, short term investments and bank overdrafts.

(ii) 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.

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 2011 were 10% higher than management's estimates, the depreciation charge would decrease by $26,314,000 (2010 - $21,437,000).

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 other retirement 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 $5,569,000 lower or $4,983,000 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).

5. Segment Financial Information

The Group is organised into the following business segments:

(a) Terminal operations - Operation of public wharves

(b) Cold storage operations - Provision and installation of cold storage facilities

(c) Security operations - Security services

(d) Other - 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.

	Terminal Operations	Cold Storage Operations	Security Operations	Other	Eliminations	Group
Year ended 31 December 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	2,501,521	302,681	364,600	-	-	3,168,802
Operating revenue from segments	1,513	4,763	45,353	1,940	(53,569)	-
Total revenue	2,503,034	307,444	409,953	1,940	(53,569)	3,168,802
Operating profit/(loss)	770,100	51,719	33,982	(22,878)	(192,159)	640,764
Interest expense	(170,061)	(69)	-	(589)	15,492	(155,227)
	600,039	51,650	33,982	(23,467)	(176,667)	485,537
Foreign exchange loss						(18,238)
Profit before income tax						467,299
Income tax expense						(122,287)
Profit before non-controlling interest						345,012
Non-controlling interest						(7,408)
Net profit attributable to equity holders of the company						337,604
Segment assets	9,785,003	1,120,882	180,408	2,955,365	(285,449)	13,756,209
Unallocated assets						592,238
Total assets						14,348,447
Segment liabilities	2,873,010	78,395	49,675	10,636	(213,599)	2,798,117
Unallocated liabilities						1,948,824
Total liabilities						4,746,941
Other segment items:						
Interest income (Note 8)	25,235	43,745	3,126	9,009	(15,492)	65,623
Capital expenditure (Note 15)	629,689	5,045	3,288	-	-	638,022
Amortisation (Note 16)	1,257	-	-	-	-	1,257
Depreciation (Note 15)	193,238	17,549	3,474	48,300	-	262,561

5. Segment Financial Information (Continued)

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 non-controlling 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						469,865
Total assets						12,317,049
Segment liabilities	2,932,641	18,902	30,083	10,565	(180,702)	2,811,489
Unallocated liabilities						1,545,694
Total liabilities						4,357,183
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

6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Advertising and public relations	22,722	25,473	20,914	23,405
Amortisation (Note 16)	1,257	1,258	1,257	1,258
Auditors' remuneration	8,472	7,707	5,508	5,008
Bad debts	7,576	22,832	7,051	13,662
Bank charges	23,320	21,095	23,112	20,953
Claims	12,980	15,348	10,966	10,303
Contract labour	26,577	11,436	11,448	11,436
Cost of inventories recognised as expense	22,398	10,015	-	-
Customs overtime	34,223	27,635	34,223	27,635
Depreciation (Note 15)	262,561	250,804	193,238	184,057
Directors' fees				
Current year	20,655	8,243	20,463	8,051
Prior year	7,164	-	7,164	-
Equipment rental	103,816	103,673	103,816	101,711
Fuel	95,813	69,076	93,704	69,076
Information technology	56,069	64,906	51,072	62,192
Insurance	144,865	138,423	123,505	121,470
Irrecoverable General Consumption Tax	55,208	47,703	50,328	43,111
Legal and consultation expenses	47,343	31,139	46,107	25,590
Occupancy: property taxes, rent and lease	11,329	9,745	6,903	6,230
Repairs and maintenance	261,483	148,806	236,070	122,623
Security	74,325	81,302	31,867	42,482
Staff costs (Note 7)	944,609	774,750	618,760	484,363
Terminal transfers	63,424	56,837	63,424	56,837
Utilities	255,321	200,070	162,855	125,463
Other	57,901	46,301	34,729	35,478
	2,621,411	2,174,577	1,958,484	1,602,394

7. Staff Costs

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Wages and salaries	751,488	656,196	484,717	416,357
Payroll taxes – employer's contributions	75,106	63,706	45,408	38,446
Pension costs – defined benefit plan (Note 19)	(51,186)	(101,907)	(51,186)	(101,907)
Pension costs – defined contribution plan	2,522	3,355	-	-
Other retirement benefits (Note 19)	26,587	30,412	26,587	30,412
Meal and travelling allowances	65,154	53,332	63,765	52,261
Other	74,938	69,656	49,469	48,794
	944,609	774,750	618,760	484,363

8. Other Operating Income

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Dividends	-	-	163,333	-
Interest	65,623	86,624	25,235	22,441
Management fees	-	-	21,336	21,336
Bad debts recovered	20,079	-	12,051	-
Foreign exchange gains/(losses)	3,685	(18,612)	3,570	(17,329)
Other	3,986	2,405	25	421
	93,373	70,417	225,550	26,869

9. Finance Costs

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest expense -				
Loans	155,227	139,039	170,061	158,135
Foreign exchange losses/(gains)	18,238	(104,597)	18,238	(104,597)
	173,465	34,442	188,299	53,538

10. Income Tax Expense

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Current tax on profit for the year	75,479	226,502	42,510	178,649
Prior year over provision	(142)	-	-	-
Deferred income tax (Note 29)	46,950	49,169	62,887	70,184
	122,287	275,671	105,397	248,833

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	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	467,299	887,281	581,801	811,581
Tax calculated at a tax rate of 33⅓%	155,766	295,760	193,933	270,527
Adjusted for the effects of:				
Income not taxable	-	-	(54,444)	-
Expenses not deductible for tax purposes	5,261	2,211	5,066	2,211
Special tax allowances	(43,953)	(10,451)	(43,953)	(10,451)
Prior year over provision	(142)	-	-	-
Over provision of deferred income tax assets	-	(14,517)	-	(14,517)
Other	5,355	2,668	4,795	1,063
Income tax expense	122,287	275,671	105,397	248,833

At 31 December 2010, based on the results for the year adjusted for tax purposes, a subsidiary had no charge for taxation. Subject to the agreement of the Commissioner of Taxpayer Audit and Assessment, losses of approximately $2,586,000 were available for set off against future taxable profits of the subsidiary.

11. Profit Attributable to Equity Holders of the Company

	2011 $'000	2010 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	476,404	562,748
Subsidiaries	(138,800)	39,993
	337,604	602,741
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	1,983,763	1,552,117
Subsidiaries	301,591	440,391
	2,285,354	1,992,508

12. Non-controlling Interest

The non-controlling interest is comprised as follows:

	2011 $'000	2010 $'000
At beginning of year	51,469	42,600
Share of net profit of subsidiary	7,408	8,869
Dividends	(13,333)	-
	45,544	51,469

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.

	2011	2010
Net profit attributable to equity holders of the company ($'000)	337,604	602,741
Weighted average number of ordinary stock units in issue (thousands)	1,072,650	1,072,650
Basic earnings per stock unit	$0.31	$0.56

14. Dividends

On 8 December 2011, the company declared a dividend of three cents ($0.03) per stock unit to registered holders on record as at 12 January 2012.

	2011 $'000	2010 $'000
Ordinary dividends, gross 3 cents (2010 –12 cents)	32,179	128,717

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
				2011				
Cost or Valuation -								
At 31 December 2010	2,733,157	7,570,554	1,095,702	262,451	280,997	84,274	15,883	12,043,018
Additions	-	79	6,808	4,498	13,829	-	612,808	638,022
Transfers	29,415	50,402	512,767	-	12,707	179	(605,470)	-
Revaluation	415,581	4,848,298	-	-	-	-	-	5,263,879
Disposals	-	-	(2,967)	-	-	(2,618)	-	(5,585)
At 31 December 2011	3,178,153	12,469,333	1,612,310	266,949	307,533	81,835	23,221	17,939,334
Depreciation -								
At 31 December 2010	-	1,189,552	383,016	211,171	198,773	50,603	-	2,033,115
Charge for the year	-	175,113	56,946	9,102	14,112	7,288	-	262,561
On revaluation	-	3,531,506	-	-	-	-	-	3,531,506
Relieved on disposals	-	-	(2,351)	-	-	(1,882)	-	(4,233)
At 31 December 2011	-	4,896,171	437,611	220,273	212,885	56,009	-	5,822,949
Net Book Value -								
At 31 December 2011	3,178,153	7,573,162	1,174,699	46,676	94,648	25,826	23,221	12,116,385
				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

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
				2011				
Cost or Valuation -								
At 31 December 2010	1,782,157	5,238,867	1,073,655	18,682	269,928	69,043	15,883	8,468,215
Additions	-	-	3,231	-	13,650	-	612,808	629,689
Transfers	29,415	50,402	512,767	-	12,707	179	(605,470)	-
Revaluation	279,581	2,901,563	-	-	-	-	-	3,181,144
Disposal	-	-	-	-	-	(210)	-	(210)
At 31 December 2011	2,091,153	8,190,832	1,589,653	18,682	296,285	69,012	23,221	12,278,838
Depreciation -								
At 31 December 2010	-	616,573	369,348	6,406	191,812	41,176	-	1,225,315
Charge for the year	-	119,433	53,947	1,302	13,364	5,192	-	193,238
On revaluation	-	2,046,901	-	-	-	-	-	2,046,901
On disposal	-	-	-	-	-	(210)	-	(210)
At 31 December 2011	-	2,782,907	423,295	7,708	205,176	46,158	-	3,465,244
Net Book Value -								
At 31 December 2011	2,091,153	5,407,925	1,166,358	10,974	91,109	22,854	23,221	8,813,594
				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

15. Property, Plant and Equipment (Continued)

(a) Freehold land of the Group was revalued as at 31 December 2011 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 2011 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 mortgages totalling $638 million over certain premises and equipment owned by the company in keeping with the terms of certain loan agreements (Note 28).

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cost	3,971,496	3,891,679	3,948,298	3,868,481
Accumulated depreciation	(549,405)	(477,508)	(537,993)	(466,525)
Net book value	3,422,091	3,414,171	3,410,305	3,401,956

16. Intangible Asset

	The Group and Company
	Computer Software $'000
At Cost -	
At 31 December 2009	-
Transfer from property, plant and equipment (Note 15)	6,288
At 31 December 2010 and 31 December 2011	6,288
Amortisation	
At 31 December 2009	-
Amortisation charge for year	1,258
At 31 December 2010	1,258
Amortisation charge for year	1,257
At 31 December 2011	2,515
Net Book Value	
31 December 2011	3,773
31 December 2010	5,030

The total charge of $1,257,000 (2010 - $1,258,000) is included in administration expenses in profit or loss.

17. Investments in Subsidiaries

	2011 $'000	2010 $'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 The Port Authority of Jamaica

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 Port Authority of Jamaica 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 $16,956,000 (2010 - $15,964,000) was allocated to the reserve during the year. The current portion of this amount is not determined because wharfage revenues for 2012 are not known.

	The Group and Company	
	2011 $'000	2010 $'000
Balance at 1 January	40,143	55,107
Donations and security related costs	-	1,000
16% of wharfage collections for year	(16,956)	(15,964)
Balance at 31 December	23,187	40,143
This comprises:		
Donations and security related costs	1,000	1,000
Severance payments	22,187	39,143
	23,187	40,143

19. Retirement Benefit Asset and Obligations

	The Group and Company	
	2011 **$'000**	**2010** **$'000**
Balance sheet (asset)/obligations for:		
Pension benefits	(526,360)	(453,342)
Other retirement benefits	163,893	143,014
Statement of comprehensive income for (Note 7):		
Pension benefits	(51,186)	(101,907)
Other retirement benefits	26,587	30,412
	(24,599)	(71,495)

(a) Pension benefits

The Group operates 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 2011.

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 valuation as at 31 December 2011 has not yet been completed.

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%. Members may also make voluntary contribution of up to 5% of their earnings, as recommended by independent actuaries.

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

	The Group and Company	
	2011 **$'000**	**2010** **$'000**
Fair value of plan assets	(1,540,840)	(1,389,997)
Present value of funded obligations	854,628	697,710
	(686,212)	(692,287)
Unrecognised actuarial gains	159,852	238,945
Asset in the balance sheet	(526,360)	(453,342)

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:

	The Group and Company	
	2011	**2010**
	$'000	**$'000**
At beginning of year	(453,342)	(329,699)
Amounts recognised in profit or loss (Note 7)	(51,186)	(101,907)
Contributions paid	(21,832)	(21,736)
At end of year	(526,360)	(453,342)

The amounts recognised in profit or loss are as follows:

	The Group and Company	
	2011	**2010**
	$'000	**$'000**
Current service cost	17,482	11,227
Interest cost	77,510	73,985
Expected return on plan assets	(138,490)	(179,395)
Net actuarial gain recognised in year	(7,688)	153,140
Change in disallowed assets	-	(160,864)
Included in staff costs (Note 7)	(51,186)	(101,907)

Of the total amount recognised in profit or loss, $9,662,000 (2010 - $9,926,000) and a credit of $60,848,000 (2010 – $111,833,000) were included in direct costs and administration expenses, respectively.

The actual return on plan assets was $161,041,000 (2010 – $206,618,000).

Expected contributions to post-employment benefit plans for the year ending 31 December 2012 are $65,000,000.

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

	The Group and Company	
	2011	**2010**
	$'000	**$'000**
At beginning of year	(1,389,997)	(1,208,551)
Expected return on plan assets	(138,490)	(179,395)
Actuarial gains	(22,551)	(27,223)
Contributions - total	(39,579)	(39,576)
Benefits paid	49,777	64,748
At end of year	(1,540,840)	(1,389,997)

19. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (Continued)

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

	The Group and Company	
	2011 $'000	2010 $'000
At beginning of year	697,710	469,202
Interest cost	77,510	73,985
Current service cost	28,398	22,095
Voluntary contributions	6,831	6,972
Benefits paid	(49,777)	(64,748)
Actuarial gains on obligations	93,956	190,204
At end of year	854,628	697,710

The principal actuarial assumptions used were as follows:

	The Group and Company	
	2011	2010
Discount rate	10%	11%
Expected return on plan assets	9.5%	10%
Future salary increases	6%	7%
Future pension increases	3.5%	4%

Plan assets are comprised as follows:

	The Group and Company			
	2011		2010	
	$'000	%	$'000	%
Quoted equities	297,202	19.3	202,230	14.5
Real estate	72,216	4.7	72,216	5.2
Government of Jamaica securities	961,129	62.4	777,221	55.9
Repurchase agreements	6,026	0.4	124,792	9.0
Leases	25,802	1.7	34,913	2.5
Other	178,465	11.5	178,625	12.9
	1,540,840	100.0	1,389,997	100.0

The pension plan assets include ordinary stock units of the company with a fair value of $59,200,000 (2010 – $35,100,000).

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.

	The Group and Company				
	2011 $'000	**2010 $'000**	**2009 $'000**	**2008 $'000**	**2007 $'000**
As at 31 December					
Fair value of plan assets	(1,540,840)	(1,389,997)	(1,208,551)	(1,042,669)	(993,506)
Present value of defined benefit obligations	854,628	697,710	469,202	488,503	493,807
Surplus	(686,212)	(692,287)	(739,349)	(554,166)	(499,699)
Experience adjustments on plan assets	22,551	27,223	30,772	(80,551)	28,212
Experience adjustments on plan liabilities	(59,731)	(48,831)	(75,402)	8,764	(8,285)

The average expected remaining working life of the employees is 13 years (2010 – 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.

19. Retirement Benefit Asset and Obligations (Continued)

(b) Other retirement benefits

The Group operates both a group health plan and a group life plan. 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 9% per year (2010 - 10%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 6% per year (2010 – 7%).

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

	The Group and Company	
	2011	2010
	$'000	$'000
Present value of obligations	175,054	171,370
Unrecognised actuarial losses	(11,161)	(28,356)
Liability in the balance sheet	163,893	143,014

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

	The Group and Company	
	2011	2010
	$'000	$'000
At beginning of year	143,014	119,041
Amounts recognised profit or loss (Note 7)	26,587	30,412
Contributions paid	(5,708)	(6,439)
	163,893	143,014

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

	The Group and Company	
	2011	2010
	$'000	$'000
Present value at start of year	171,370	140,464
Interest cost	19,246	23,035
Current service cost	6,483	6,727
Benefits paid	(5,708)	(6,439)
Actuarial (gains)/losses on obligations	(16,337)	7,583
Present value at end of year	175,054	171,370

19. Retirement Benefit Asset and Obligations (Continued)

(b) Other retirement benefits (continued)

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

	The Group and Company	
	2011	**2010**
	$'000	**$'000**
Current service cost	6,483	6,727
Interest cost	19,246	23,035
Net actuarial losses recognised	858	650
Included in staff costs (Note 7)	26,587	30,412

The total charge of $26,587,000 (2010 - $30,412,000) is included in administration expenses.

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

	The Group and Company	
	Increase	**Decrease**
	$'000	**$'000**
Effect on the aggregate of the current service cost and interest cost	4,983	5,569
Effect on the defined benefit obligation	27,822	26,954

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

	The Group and Company				
	2011	**2010**	**2009**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
As at 31 December					
Present value of obligations	175,054	171,370	140,464	159,279	106,562
Experience adjustments	17,436	(3,253)	47,420	(39,460)	4,537

20. Inventories

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Refrigerated products	27	22,425	-	-
Refrigeration equipment	7,625	2,678	-	-
Fuel	1,803	1,908	1,803	1,908
Spares	13,820	1,518	12,191	348
	23,275	28,529	13,994	2,256

21. Related Party Transactions and Balances

(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	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries	-	-	27,773	25,835
Companies controlled by directors/members or related by virtue of common directorships	1,515,620	1,571,331	1,202,312	1,288,737
	1,515,620	1,571,331	1,230,085	1,314,572

Services provided to related parties are negotiated as is with non-related party customers. Services are sold on basis of the price lists in force with non-related parties.

(ii) Interest income earned

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Companies related by virtue of common directorships	17,283	34,031	5,732	3,149

(iii) Other income - dividends

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries	-	-	163,333	-

(iv) Purchases of goods and services

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries	-	-	60,524	51,742
Companies controlled by directors/members or related by virtue of common directorships	129,442	126,036	128,403	124,326
	129,442	126,036	188,927	176,068

Services are bought from related parties on the basis of the prices offered to non-related parties.

(v) Interest paid

	The Group		The Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Subsidiaries	-	-	14,903	19,170

21. Related Party Transactions and Balances (Continued)

(b) Year-end balances with related parties:

(i) Due from related companies

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Subsidiaries	-	-	66,064	1,359
Companies controlled by directors/members or related by virtue of common directorships (Note 22)	357,965	381,917	263,729	306,295
	357,965	381,917	329,793	307,654

(ii) Due to related companies

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Subsidiaries	-	-	66,109	66,433
Companies controlled by directors/members and related by virtue of common directorships (Note 30)	89,686	20,920	89,284	20,920
	89,686	20,920	155,393	87,353

Included in the amount due to subsidiaries is $32,900,000 (2010 - $32,900,000), representing funds being held on deposit for a subsidiary (Note 23).

(iii) Short term investments

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Companies related by virtue of common directorships	291,130	368,099	86,305	199,741

These investments currently attract interest at rates between 3.50% and 6.30% per annum (2010 – 3.75% and 7.50%) and have an average maturity of ninety (90) days (Note 23).

(iv) Bank balances

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Companies related by virtue of common directorships	40,310	78,718	13,392	29,343

The bank balances with related parties comprise foreign currency savings accounts which currently attract interest of 0.7% (2010 – 1.2%) (Note 23).

21. Related Party Transactions and Balances (Continued)

(b) Year-end balances with related parties (continued):

(v) Borrowings

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Subsidiaries – long term loans	-	-	74,169	99,368
Companies controlled by directors/members or related by virtue of common directorships – bank overdraft	2,347	-	2,347	-
Companies controlled by directors/members or related by virtue of common directorships – long term loans	102,933	2,933	101,480	1,480
	105,280	2,933	177,996	100,848

(c) Key management compensation:

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Salaries and other short term employee benefits	62,874	56,528	44,913	40,928
Payroll taxes – employer's contributions	5,341	4,931	3,844	3,606
Pension benefits	4,153	4,445	3,520	3,539
Other	4,810	4,582	3,533	3,532
	77,178	70,486	55,810	51,605
Directors' emoluments –				
Fees				
Current year	20,655	8,243	20,463	8,051
Prior year	7,164	-	7,164	-
Management remuneration (included in salaries above)	23,092	24,891	23,092	24,891

22. Trade and Other Receivables

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Trade receivables	456,043	468,335	295,232	361,738
Less: Provision for impairment	(9,385)	(23,202)	(7,914)	(12,914)
	446,658	445,133	287,318	348,824
Other receivables	34,236	35,768	18,978	17,426
	480,894	480,901	306,296	366,250

Trade receivables include amounts receivable from related parties (Note 21).

23. Cash and Cash Equivalents

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Short term investments - deposits	1,033,894	1,201,909	435,182	589,673
Less: Investments held for subsidiary (Note 21)	-	-	(32,900)	(32,900)
	1,033,894	1,201,909	402,282	556,773
Cash and bank	42,761	80,769	15,142	32,059
	1,076,655	1,282,678	417,424	588,832
Bank overdrafts (Note 27)	(12,180)	-	(12,180)	-
	1,064,475	1,282,678	405,244	588,832

The weighted average effective interest rate on short term deposits was 3.50% per annum (2010 – 3.96%) for United States dollar denominated deposits and 6.30% (2010 – 7.96%) for Jamaican dollar deposits. These short term deposits have an average maturity of ninety (90) days.

Cash and bank and short term investments include amounts placed with related parties (Note 21).

There are two bank overdrafts. One with a related party (Note 21) is unsecured and attracts interest at 16.25% per annum. The other facility attracts interest at 16.85% per annum. Security for this facility is described in Note 28.

24. Share Capital

	Number of Stock Units '000	**Ordinary Stock Units $'000**
At 31 December 2010	1,072,650	291,648
At 31 December 2011	1,072,650	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.

25. Capital Reserves

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Unrealised surplus on revaluation of property, plant and equipment	8,036,654	6,304,281	4,389,851	3,255,608
Less: Deferred taxation	(1,744,352)	(1,306,311)	(909,792)	(624,905)
	6,292,302	4,997,970	3,480,059	2,630,703
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	-	-
Capitalisation of Asset Replacement Reserve	256,444	243,865	256,444	243,865
Capitalisation of Depreciation Reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	6,716,356	5,409,445	3,740,130	2,878,195

26. Asset Replacement/Rehabilitation and Depreciation Reserves

The Port Authority of Jamaica under the Wharfage Act mandated the creation of a special reserve to be provided through the tariff of wharfage rates, for the replacement and/or rehabilitation of the wharf facilities.

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

The requirement for these reserves became effective in 1998.

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. Amounts from these reserves are used for capital projects in accordance with guidelines set by The Port Authority of Jamaica.

The balance of the reserves comprises:

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	214,796	214,796	212,968	212,968
	214,796	214,796	212,968	212,968

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

The movement in each category of reserves was as follows:

(a) Asset Replacement/Rehabilitation Reserve

	The Group and Company	
	2011 $'000	**2010 $'000**
At beginning of year	-	-
Transfers from profit or loss account during the year	12,579	12,579
Transfer to capital reserves - utilised for capital expansion	(12,579)	(12,579)
At end of year	-	-

(b) Depreciation Fund

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
At beginning of year	214,796	214,601	212,968	212,968
Transfer from retained earnings (net interest)	-	195	-	-
At end of year	214,796	214,796	212,968	212,968

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

The dollar amount of approvals received by the company from The Port Authority of Jamaica to undertake capital projects to date, exceeds the required provisions. As such, all related cash, deposits or highly liquid securities pertaining to reserves have been fully utilised.

27. Borrowings

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Non-Current				
Long term loans (Note 28)	1,953,538	2,003,744	2,001,054	2,076,459
Current				
Bank overdrafts (Note 23)	12,180	-	12,180	-
Current portion of long term loans (Note 28)	437,137	458,678	462,337	483,878
	449,317	458,678	474,517	483,878
	2,402,855	2,462,422	2,475,571	2,560,337

28. Long Term Loans

		The Group		The Company	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000
(a)	The Port Authority of Jamaica	1,480	1,480	1,480	1,480
(b)	The Port Authority of Jamaica	1,453	1,453	-	-
(c)	Harbour Cold Stores Limited	-	-	74,169	99,368
(d)	Development Bank of Jamaica/First Global Bank Limited	232,096	281,192	232,096	281,192
(e)	Development Bank of Jamaica/First Global Bank Limited	271,200	-	271,200	-
(f)	Development Bank of Jamaica/ FirstCaribbean International Bank (Jamaica) Limited	-	9,974	-	9,974
(g)	Development Bank of Jamaica/FirstCaribbean International Bank (Jamaica) Limited	17,604	22,191	17,604	22,191
(h)	FirstCaribbean International Bank (Jamaica) Limited	247,999	343,882	247,999	343,882
(i)	FirstCaribbean International Bank (Jamaica) Limited	15,426	44,718	15,426	44,718
(j)	FirstCaribbean International Bank (Jamaica) Limited	4,359	54,388	4,359	54,388
(k)	FirstCaribbean International Bank (Jamaica) Limited	1,499,058	1,703,144	1,499,058	1,703,144
(l)	Kingston Portworkers Superannuation Fund	100,000	-	100,000	-
		2,390,675	2,462,422	2,463,391	2,560,337
	Less: Current portion	(437,137)	(458,678)	(462,337)	(483,878)
		1,953,538	2,003,744	2,001,054	2,076,459

(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 and unsecured 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.

(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.

(e) This represents a loan of $288 million granted by the Development Bank of Jamaica through First Global Bank Limited. Interest rate is fixed at 11% per annum. The principal is repayable in one hundred and twenty monthly instalments of $2,400,000.

28. Long Term Loans (Continued)

(f) This represented a loan granted by the Development Bank of Jamaica through FirstCaribbean International Bank (Jamaica) Limited. Interest was set at the Development Bank of Jamaica's lending rate plus 2.5% per annum. The loan was repaid in the year.

(g) 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 $382,000.

(h) This represents a credit facility through FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is currently computed based on US six-month LIBOR plus 4.50% per year. The loan will be repaid over forty equal monthly installments of US$95,000 per month. Principal payments plus interest commenced thirty days after date of final drawdown on the facility. Last payment is due June 2014.

(i) This represents a US$2.4 million loan through FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is currently computed based on US six-month LIBOR plus 4.50% per 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.

(j) This represents a US$3.5 million loan facility through FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. Interest is currently computed based on US six-month LIBOR plus 4.50% per year. The loan is to be repaid by way of forty one equal monthly principal payments of US$49,000 plus interest. The last payment is due January 2012.

(k) 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 currently computed based on US six-month LIBOR plus 4.50% per year. The loan principal is payable by eighty four monthly payments of US$224,000. The last payment is due June 2018.

(l) This represents a loan of $100 million granted by the Kingston Port Workers Superannuation Fund. The interest rate is fixed at 10% per annum. The principal is repayable over a seven year period.

The loan facilities with First Global Bank Limited (d) – (e) above are secured by mortgages over property owned by the Group and bill of sales over certain pieces of machinery. Security for the loan facilities with FirstCaribbean Bank (Jamaica) Limited (f)-(k) above and including the bank overdraft (Note 23) and guarantees, 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. The facility with Kingston Portworkers Superannuation Fund is secured by mortgages over property owned by the Group and bill of sales over certain pieces of machinery (Note 15).

29. 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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance sheet (assets)/liabilities for:				
Deferred income tax assets	(1,128)	(1,560)	-	-
Deferred income tax liabilities	1,800,699	1,316,140	1,064,739	716,965
Net deferred income tax liabilities	1,799,571	1,314,580	1,064,739	716,965

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Net liabilities at beginning of year	1,314,580	1,265,411	716,965	646,781
Stockholders' equity on revaluation	438,041	-	284,887	-
Statement of comprehensive income (Note 10)	46,950	49,169	62,887	70,184
Net liabilities at end of year	1,799,571	1,314,580	1,064,739	716,965

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

	The Group		The Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Deferred income tax assets -				
Vacation leave accrual	6,871	7,480	5,365	5,971
Other payables	786	534	-	-
Employee benefit obligations	54,654	47,672	54,654	47,672
Unrealised foreign exchange losses	124,165	147,608	124,165	147,614
Tax losses	-	862	-	-
Interest payable	8,440	7,156	8,440	7,156
Property, plant and equipment	16	495	-	-
	194,932	211,807	192,624	208,413
Deferred income tax liabilities -				
Property, plant and equipment	1,806,532	1,364,902	1,081,179	773,639
Interest receivable	12,518	10,371	731	625
Retirement benefit asset	175,453	151,114	175,453	151,114
	1,994,503	1,526,387	1,257,363	925,378
Net deferred income tax liabilities	1,799,571	1,314,580	1,064,739	716,965

29. Deferred Income Tax (Continued)

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

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Vacation leave accrual	609	(1,852)	606	(1,971)
Other payables	(252)	127	-	-
Employee benefit obligations	(6,982)	(7,992)	(6,982)	(7,992)
Unrealised foreign exchange losses	23,443	50,545	23,449	50,026
Tax losses	862	(11)	-	-
Interest payable	(1,284)	(1,495)	(1,284)	(1,495)
Property, plant and equipment	4,068	(24,391)	22,653	(9,019)
Interest receivable	2,147	(6,977)	106	(580)
Retirement benefit asset	24,339	41,215	24,339	41,215
	46,950	49,169	62,887	70,184

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	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Deferred income tax assets to be recovered -				
After more than 12 months	178,835	196,637	178,819	195,286
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,981,985	1,516,016	1,256,632	924,753

30. Trade and Other Payables

	The Group		The Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Trade payables	99,853	75,559	68,299	63,852
Dividends payable	36,726	100,109	36,726	100,109
Other payables and accruals	258,683	173,399	226,305	141,910
	395,262	349,067	331,330	305,871

Trade and other payables include amounts payable to related parties (Note 21).

31. Contingent Liabilities

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.

Other

The Group is contingently liable to its bankers in respect of guarantees in the ordinary course of business totalling approximately $11 million.

32. Subsequent Event

At an extraordinary general meeting held on 29 March 2012, the company's shareholders passed resolutions to increase the authorised share capital of the company by 357,550,000 ordinary shares and to directly issue these new shares to Jamaica Producers Group Limited, an existing shareholder, at a value of $1,787,750,000 in accordance with a subscription agreement.

PROXY FORM

KINGSTON WHARVES LIMITED

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 **Jamaica Conference Centre, 14-20 Port Royal Street, Kingston** on the **13th day** of **September 2012** 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 4a		
Resolution 4b		
Resolution 5		
Resolution 6		

Date this .... day of 2012

....

Signature

....

Signature

Place
$100
Stamp
Here

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.

Auditors | PricewaterhouseCoopers

Layout & Design | JBDesign

Photography | Jeremy Francis
Andre Milford

Printery | Pear Tree Press

KINGSTON WHARVES LIMITED

KINGPORT BUILDING
Third Street
Newport West
P.O. Box 260
Kingston 13, Jamaica

Tel: 923-9211 | Fax: 923-5361
www.kingstonwharves.com.jm