70 YEARS OF ACHIEVEMENT
ENABLING A WORLD CLASS VISION

KINGSTON WHARVES LIMITED

ANNUAL REPORT 2015

KW

CELEBRATING

70

YEARS

1945 - 2015

A WORLD CLASS VISION
enabled by 70 years of Achievement

In this the year of our 70th anniversary, we celebrate our many accomplishments and enduring corporate legacy. As part of this celebration, we acknowledge the visionary men and women whose foresight and effort shaped the transition of Kingston Wharves from its humble beginnings on the waterfront in Downtown Kingston in 1945 into a strong force in the shipping industry. This tenacity and drive, an intrinsic part of the fabric of our corporate culture, is the driving force in our sustainability during challenging times and in our bold vision to become the world's leading multiuser multipurpose port operator.

The year was 1945; a time of pound, shilling and pence; World War II had ended, Sir Alexander Bustamante became Jamaica's first Premier and reggae icon Robert Nesta 'Bob' Marley was born. That year also saw the birth of Kingston Wharves Limited (KWL), starting with four finger piers – Princess, Orange, Hanover and East Streets. The photo shows an aerial view of the finger piers of downtown Kingston in 1950s.

Before modern technological advancements goods could only be transported by using pallets, crates and boxes. This required a robust labour-force of thousands to get the job done. In this photo trucks are transporting goods from the port in the late 1930s.

Trucks loading lumber at the wh

DELIVERING THEN & DELIVERING TODAY

KWL is formed with an authorized capital of £249,000

1945

1955

1

2

KWL's Terminal now operates 24 hours per day, 365 days per year with a continuous quay 1,655 metres long offering 9 deepwater berths with draft up to 13 metres for ro-ro, lo-lo, container, general break bulk and bulk cargoes.

KWL has grown tremendously over the years by embracing technological advancements which complement equipment acquisition, customer care and security to maximize on productivity.

In recent years, KWL has expan break-bulk cargo to include cer

harves for deliveries.

The advent of containerisation revolutionised the transportation of cargo and forced the introduction of the cranes and other relevant cargo handling equipment. It was clear that the port had outgrown downtown Kingston and in 1964, the western end of the Kingston Harbour was identified as the ideal location with the creation of Port Bustamante in Newport West. Photo shows vessel docked at Western Terminals.

The vision at the time was to establish the most modern port in the Caribbean. This new port was first occupied by Western Terminals Limited and then Kingston Wharves Limited. On the February 14, 1966, the S.S. United States pictured here docked to celebrate the opening of Newport West. The Daily Gleaner in an editorial that month affirmed that "the development of Newport West is the single most important addition to Jamaica's economy since the discovery of bauxite about a quarter century ago".

1964: KWL purchases 56 acres of land to be reclaimed as part of the Newport West Project

1966: KWL docks its first ship, the S.S. Santa Rosa, at its new 5 deep-water berth facility

1987: **Security Administrators Limited** is established

1965

1975

1985

1963: Incorporation of Royal Mail Line Pier into KWL operations expands its facility to 12 Berths

3

1967: **Harbour Cold Stores** begins operation

1972: The first Container Transshipment Terminal in Jamaica is managed by KWL

4

5

KWL is the Operating Regional Transshipment Hub for Seaboard Marine, Seafreight Lines (A Crowley Company) and Hoegh Autoliner.

ded its stevedoring operations of nent, lumber and steel.

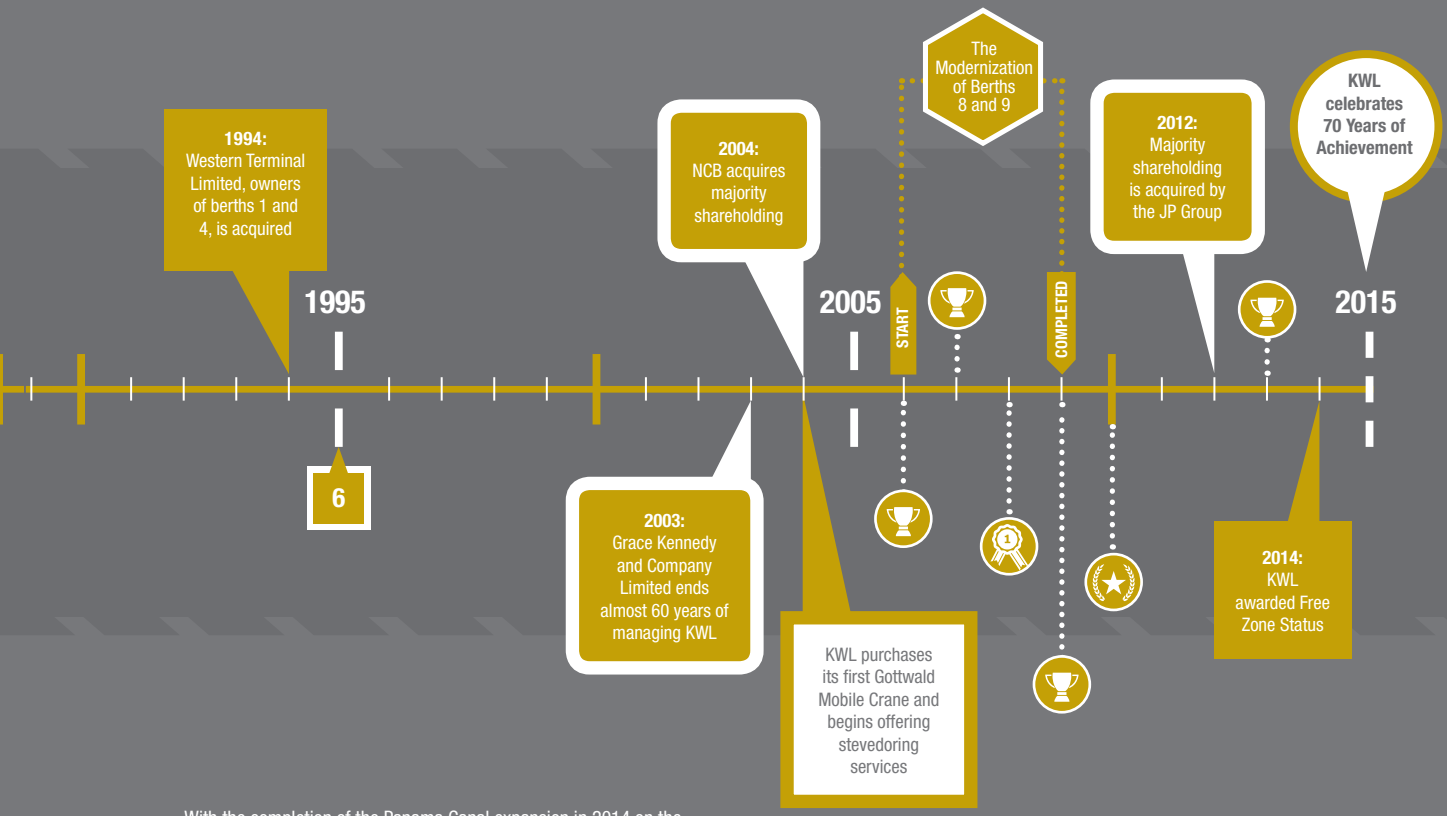
KWL's Terminal has on-dock 260,000 square metres of open storage, 16,680 square metres of warehouse and a Transshipment car park of 48,562 square metres.

KWL has copped the Caribbean Shipping Association's 'Best Multi-purpose Terminal of the Year' title for 2006, 2007 and 2009 and was recognized in 2010 and 2008 as the Region's most efficient port, an acknowledgement of its commitment to operational efficiency. In 2010 the Port was also recognized for its growth and development.

Container Transshipment from Kingston officially began in 1975 at berths 10 and 11. KWL managed the government-owned transshipment facility until 2001. The photo shows the unloading of the 2 Paceco Gantry Cranes that dominated the Kingston shoreline in the early years of the transshipment facility.

A longtime tradition for Jamaicans living overseas has been sending barrels filled with food, clothing and household items to family and friends back home. Workers are shown unloading barrels from a container at the port sometime in the 1980s in this photo.

The photo shows the KWL then Cha
company's name plate to mark its li
on September 26, 1995. The listing
the two major private wharf compar
Terminals and KWL to make a new
name KWL.



With the completion of the Panama Canal expansion in 2014 on the horizon, KWL has proactively positioned itself to take advantage of the expected increase in container vessels to the region by upgrading its terminal equipment and facilities.

Warehousing and the delivery of deconsolidated cargo including barrels remain key segments of operations at KWL.

2014: Government, private sector a
future site of the KWL Total Logistics
for the 160,000 sq ft development.


THE GLEANER, TUESDAY, OCTOBER 3, 1995

rves Ltd listed

"MIND YO

Get the Latest F

irman, Rafael Diaz sliding the
sting on the Jamaica Stock Exchange
was the culmination of the merging of
nies on the Port of Kingston – Western
and expanded company under the


3D illustrated view of the loading dock of the KWL Total Logistics Facility (TLF), currently under construction.

DELIVERING FOR

TOMORROW

The tenacity and drive that has delivered 70 Years of Achievement, is the same force that we will harness as we journey towards the goal of becoming

LEAD LOGISTICS PROVIDER.

- Highly customised warehousing, production and distribution services
- Modern warehousing and logistics space
- Fully functioning special economic zone located within port boundary and in close proximity to International and Domestic Airports
- Terminal Optimisation
- Post-Panamax Handling Capacity

nd KWL executives converged at the
Facility to symbolically break ground


3D Illustration of the Rehabilitated KWL Terminal

CONTENTS

VISION

To become **the world's leading** multi-user multi-purpose port operator

MISSION

To be **the multipurpose port of choice** for the movement of cargo by providing consistently high quality service to the benefit of all stakeholders

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 AGM

NOTICE is hereby given that the Annual General Meeting of Kingston Wharves Limited will be held at the **Jamaica Pegasus Hotel, 81 Knutsford Boulevard, Kingston 5 on June 23, 2016 at 10 a.m.** for the following purposes:

ORDINARY BUSINESS

1. **To receive the Audited Financial Statements for the year ended December 31, 2015 and the Reports of the Directors and Auditors circulated herewith.**

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

   "THAT the Audited Financial Statements for the year ended December 31, 2015 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be adopted".

2. **To declare the dividend of ten cents ($0.10) per share paid on August 11, 2015 and of fifteen cents ($0.15) per share paid on January 20, 2016 as final.**

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

   "THAT as recommended by the Directors, the dividend of ten cents ($0.10) per share paid on August 11, 2015 and of fifteen cents ($0.10) per share paid on January 20, 2016 be and are hereby declared as final and that no further dividend be paid in respect of the year under review.

3. **To allow for the Rotation of Directors.**

   The directors retiring from office by rotation pursuant to Article 107 of the Company's Articles of Incorporation are Messrs. Jeffrey Hall and Bruce Brecheisen, and Mrs. Kathleen Moss, all Specially Appointed Directors pursuant to Article 86A of the Company's Articles of Incorporation, and Mr Alvin Henry. The Specially Appointed Directors have been approved by their respective Appointing Shareholders for reappointment to the Board, and all the retiring Directors, being eligible, offer themselves for re-election.

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

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

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

   (iii) "THAT Mrs. Kathleen Moss be and is hereby re-elected a Director of the Company."

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

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

   To consider and if thought fit pass the following Ordinary Resolution:

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

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

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

"THAT the amount shown in the audited accounts of the Company for the year ended December 31, 2015 as fees of the Directors for their service as directors, be and is hereby approved."

SPECIAL BUSINESS

6. To amend the Articles of Incorporation of the Company by fixing a maximum number of Directors, and by deleting a duplicated clause.

To consider and (if thought fit) pass the following Resolutions as **SPECIAL RESOLUTIONS**:

(i) THAT the existing Article 84 of the Articles of Incorporation be deleted in its entirety and replaced with the following:

The Board of Directors shall consist of a minimum of three (3) and a maximum of twelve (12) directors, excluding alternate directors.

(ii) "THAT the existing Article 122, which is in effect a duplication of Article 85, be deleted in its entirety, and the succeeding Articles be renumbered accordingly.

Dated this 28th day of April, 2016.

By Order of the Board

ANNA I. HARRY
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

KINGSTON WHARVES LIMITED (KWL) is consistently recognized as the Region's leading Multipurpose Port Terminal Operator, connecting our nation's importers and exporters to over 20 international ports in the Caribbean, Latin and North America.

Our Achievements

KWL is the recipient of numerous awards and accolades for excellence:

'Best Multi-purpose Terminal of the Year' Award for 2006, 2007, 2009 & 2013
CSA

Best in Chamber Nominee 2011
Jamaica Chamber of Commerce

Growth & Development Awardee for 2010
Caribbean Shipping Association (CSA)

Most Efficient Port Awardee for 2010 & 2008
CSA

Our Business

The KWL Group has experienced steady growth through prudent management and a commitment to continuous improvement that has ensured competitiveness, since its inception in 1945.

A listed company on **The Jamaica Stock Exchange**

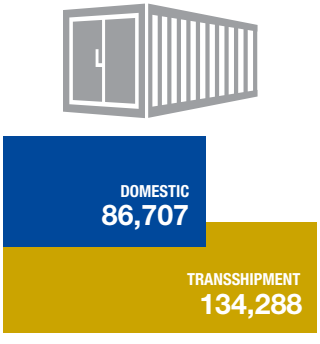
NET ASSETS VALUE
US$146 MILLION

In addition to its core business of terminal operations, the KWL Group operates **Security Administrators Limited**, a provider of industrial and port security services.

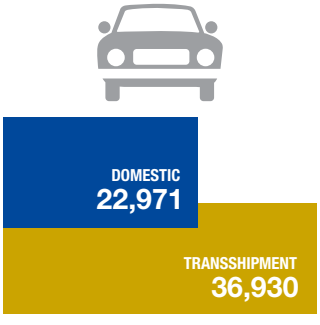
2015 PERFORMANCE SUMMARY

OPERATIONAL

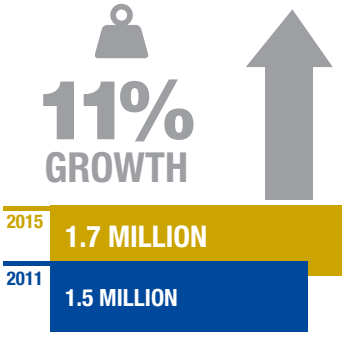
CONTAINER TEUs HANDLED (2015)



MOTOR UNIT MOVES (2015)



DOMESTIC TONNAGE



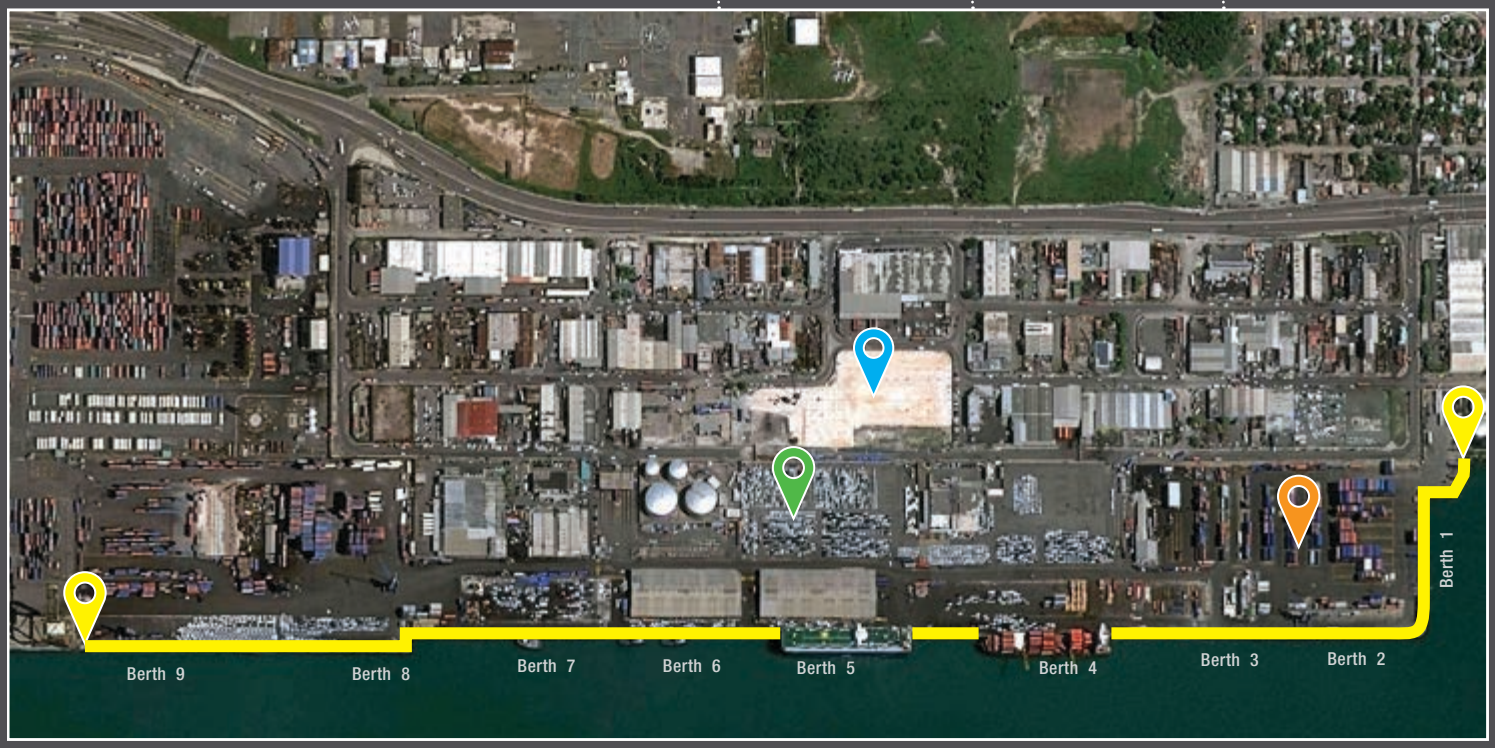
Our Facility

1,655 metre
Continuous Quay with draft of up to 13m

12-acre
Transshipment Car Park

2,694,000 square foot
Open Storage

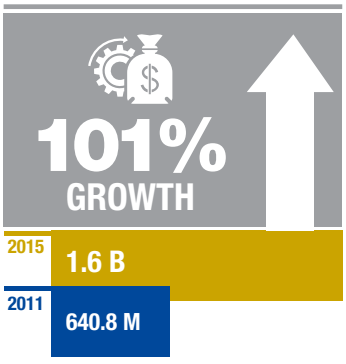
160,000 square feet
Logistics Space
Construction Site



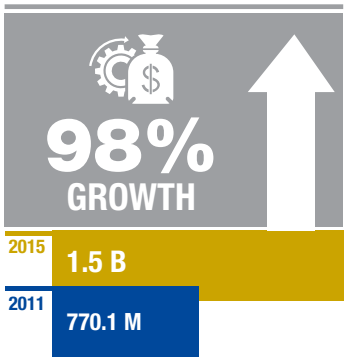
▲ Google Earth Image

FINANCIAL

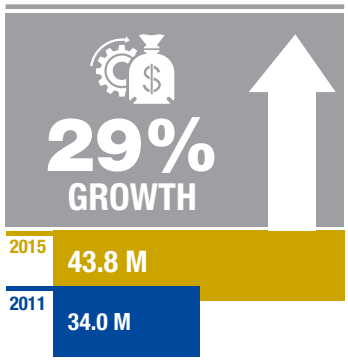
GROUP OPERATING PROFIT ($)



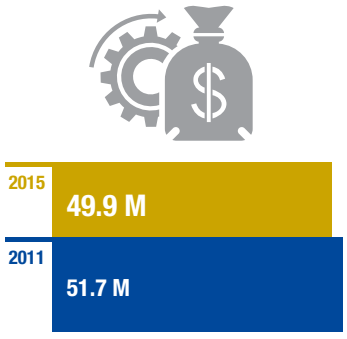
KWL OPERATING PROFIT ($)



SAL OPERATING PROFIT ($)



HCS OPERATING PROFIT ($)



WE DELIVER

The port terminal provides full-range cargo handling and logistics services 24-hours per day, 7 days per week, including:

- 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 Caribbean and Latin American Ports.
- The regional transshipment hub for one of the world's leading motor vehicle carriers is managed by KWL, the first direct service of its kind from Europe to Jamaica.

TERMINAL INFRASTRUCTURE

Strategically located on the Port of Kingston 17°58'W, 76°48'N, the Terminal operates 24 hours per day, 365 days per year.

CONTINUOUS QUAY measuring 1,655 metres (5,430 feet)

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 250,000 square metres or 2,694,000 square feet

ON-DOCK TRANSSHIPMENT CAR PARK: 48,562 square metres or 522,720 square feet

ON-DOCK WAREHOUSE STORAGE: 16,680 square metres or 180,000 square feet.

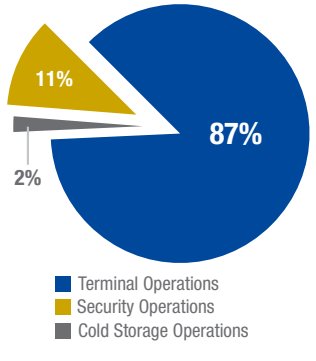
OFF-DOCK STORAGE: 20,000 square metres or 215,000 square feet

REEFER PLUGS: 172 at 440 Volts

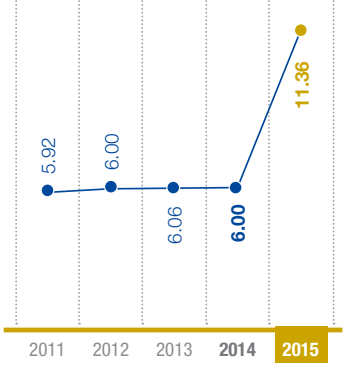
2015 PERFORMANCE SUMMARY cont'd

SHAREHOLDERS' INTEREST

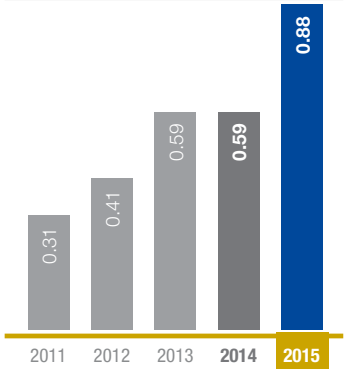
SEGMENT OPERATING REVENUE



STOCK PRICE AT YEAR END ($)



EARNINGS PER STOCK UNIT ($)



HOW WE WORK

The Equipment & Supporting Systems include:

- 5 Mobile Harbour Cranes
- 16 Reach Stackers
- 14 Trucks
- 15 Bomb Carts
- 1 Empty Container Handlers
- 1 Toploaders
- 1 Terberg Tug Master
- Tideworks Terminal Operating System

IN ADDITION TO THESE RESOURCES, WE ARE ABLE TO SOURCE ADDITIONAL CHASSIS, TRUCKS, TRAILERS AND FORKLIFTS, UPON REQUEST

OPERATIONAL HIGHLIGHTS (2015)

221,000
Twenty-foot Equivalent Units (TEUs)

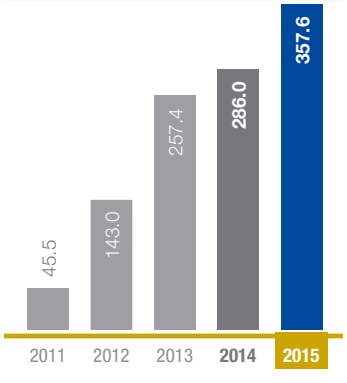
1.7 Million
Tonnes Domestic Tonnage

59,000
Motor Units Moves

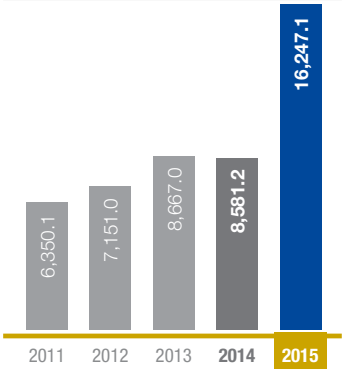
The transformation of the KWL Group has been more than 70 years in the making.
The Company now looks to working harder to maintain its competitive position as the Caribbean's leading Multipurpose Port and to providing first-class logistics services to drive its transition to LEAD LOGISTICS PROVIDER through major investments in infrastructure, technology, equipment and human capital. KWL has ensured that it is ready to capitalise on the anticipated opportunity of increased transshipment of cargo moving through the Caribbean, particularly Jamaica, when the Panama Canal Expansion is completed. KWL's strategic location, highly connected port terminal services and modern logistics facilities operating under special economic zone status (SEZ), offer an advantageous value proposition to clients to streamline efficiencies in cargo supply chains.

For more information visit www.kingstonwharves.com

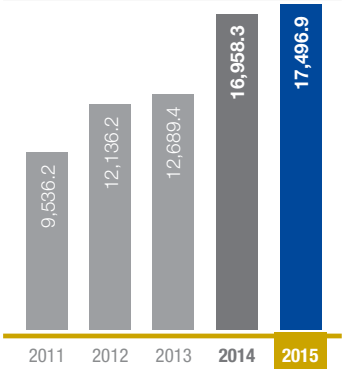
DIVIDENDS DECLARED ($)



MARKET CAPITALISATION ($M)



SHAREHOLDERS' EQUITY ($M)



TEN YEAR STATISTICAL REVIEW

	2015	2014	2013
No. of Stock Units @ 20 cents each (000's)	1,430,200	1,430,200	1,430,200
Total Assets ($'000)	21,411,543	21,001,026	16,716,664
Net Current Assets ($'000)	2,281,209	2,606,034	2,911,375
Deposit & Cash Balance ($'000)	3,019,868	2,909,435	3,159,899
Capital Expenditure ($'000)	1,202,414	1,252,601	579,447
Total Gearing ($'000)	1,538,117	1,926,748	1,998,940
Shareholders' Equity ($'000)	17,496,896	16,958,261	12,689,393
PROFIT AND LOSS ACCOUNT			
Revenue ($'000)	4,672,884	3,819,691	4,232,408
% Increase/(Decrease) over prior year	22.34	-9.75	15.32
Operating Profit ($'000)	1,572,056	1,145,267	1,477,042
% Increase/(Decrease) over prior year	37.27	-22.46	37.31
Finance Costs ($'000)	162,718	224,151	325,746
% Increase/(Decrease) over prior year	-27.41	-31.19	22.31
Profit Before Income Tax ($'000)	1,409,338	921,116	1,151,296
% Increase/(Decrease) over prior year	53.00	-19.99	42.25
Net Profit Attributable to Equity Stockholders ($'000)	1,256,397	842,730	839,255
% Increase/(Decrease) over prior year	49.09	0.41	52.54
Dividends Declared ($'000)	357,550	286,040	257,436
% Increase/(Decrease) over prior year	25.00	11.11	80.00
IMPORTANT RATIOS			
Return on Sales	26.89%	22.24%	19.83%
Return on Equity	7.18%	5.01%	6.58%
Current Ratio	2.68:1	3.39:1	3.94:1
Debt to Equity Ratio	8.79%	11.36%	15.70%
Profit Before Tax to Sales	30.16%	24.11%	27.20%
Dividend Cover - Times	3.51	2.95	3.26
Interest Cover (inclusive of foreign exchange movement)	9.66	5.11	4.53
Total No. of Employees (Permanent and Contractual)	717	738	819
Net Profit After Income Tax per Employee ($'000)	1,752.3	1,141.9	1,024.7
MARKET STATISTICS			
Stock Price at year end	$11.36	$6.00	$6.06
Earnings per Stock Unit	$0.88	$0.59	$0.59
Price Earnings Ratio	12.91	10.17	10.27
Net Worth per Stock Unit at year end	$12.23	$11.86	$8.91
Net Worth to Total Assets	81.72%	80.75%	76.26%
Market Capitalisation ($'000)	16,247,072	8,581,200	8,667,012

*Restated for the adoption of amendments to IAS 19.

*2012	*2011	2010	2009	2008	2007	2006
1,430,200	1,072,650	1,072,650	1,072,650	1,072,650	1,072,650	1,072,650
16,386,680	14,369,707	12,317,049	12,160,635	12,233,560	8,854,977	7,677,911
2,844,769	800,995	912,786	896,221	836,735	604,910	565,202
3,100,658	1,076,655	1,282,678	1,120,133	1,182,095	976,178	677,137
52,168	638,022	111,172	141,950	390,520	1,222,946	1,335,957
2,046,359	2,390,675	2,462,422	3,007,277	3,110,254	2,606,776	1,643,036
12,136,160	9,536,247	7,908,397	7,434,373	7,289,040	4,890,156	4,707,122
3,670,177	3,168,802	3,025,883	2,570,325	2,774,922	2,568,778	2,319,431
15.82	4.72	17.72	-7.37	8.02	10.75	23.64
1,075,667	640,764	921,723	693,091	717,528	576,428	612,360
67.87	(30.48)	32.99	-3.41	24.48	-5.87	21.54
266,330	173,465	34,442	497,056	500,043	166,111	99,288
53.54	403.64	-93.07	-0.60	201.03	67.30	139.02
809,337	467,299	887,281	196,035	217,485	410,317	513,072
73.19	(47.33)	352.61	-9.86	-47.00	-20.03	10.99
550,203	337,604	602,741	145,333	160,705	339,771	426,103
62.97	(43.99)	314.73	-9.57	-52.70	-20.26	35.28
143,020	45,512	128,717	-	53,632	85,812	85,812
214.25	(64.64)	100.00	-100.00	-37.50	0.00	0.00
14.99%	10.65%	19.92%	5.65%	5.79%	13.23%	18.37%
4.51%	3.52%	7.62%	1.95%	2.20%	6.95%	9.05%
3.63:1	1.95:1	2.02:1	2.24:1	2.12:1	1.91:1	2.19:1
16.88%	25.08%	31.14%	40.45%	42.67%	53.31%	34.91%
22.05%	14.75%	29.32%	7.63%	7.84%	15.97%	22.12%
3.85	7.42	4.68	0.00	3.00	3.96	4.97
4.04	3.69	26.76	1.39	1.43	3.47	6.17
756	481	458	434	347	202	186
727.8	701.9	1,316.0	334.9	463.1	1,682.0	2,290.9
$5.00	$5.92	$4.00	$3.08	$4.80	$7.65	$7.94
$0.41	$0.31	$0.56	$0.14	$0.15	$0.32	$0.40
12.20	19.10	7.14	22.00	32.00	23.91	19.85
$8.52	$8.93	$7.37	$6.93	$6.80	$4.56	$4.39
74.38%	66.68%	64.21%	61.13%	59.58%	55.22%	61.31%
7,151,000	6,350,088	4,290,600	3,303,762	5,148,720	8,205,773	8,516,841

DELIVERING GROWTH: Strategic Vision, Sound Investments, Strong Team, Serving Customers

CHAIRMAN'S MESSAGE

Kingston Wharves Limited recorded strong financial results in 2015 and celebrated a major milestone; its 70th Anniversary. Our financial strength and 70-year record of capital investment, business development and competitiveness is the foundation upon which we will anticipate and confront the new challenges and opportunities facing the Group.

Kingston Wharves is directly affected by the level of trade between Jamaica and its trading partners and, for our transshipment business, by the level of regional and global trade. Trade, in turn, is dependent on consumer trends, the health of Jamaica's economy and that of our region and the world, and the ease and cost of securely moving goods across borders. Some challenges and uncertainties loom in the short term, but we are convinced that on balance, over the long-term, the outlook for each of these factors favours Kingston Wharves.

Jamaican consumers, like their global counterparts, are increasingly networked by digital platforms, mobile technologies and social media and this is driving their demand for products from all across the world. We think it is neither practical nor desirable for Jamaica to try to buck this trend. In fact, to the contrary, we believe that Jamaica stands to gain if we set out to facilitate it with competitive logistics services such as those offered by Kingston Wharves.

Jamaica's economy continues to be seriously constrained by the government debt overhang and major parts of the global economy have been shaken by reduced commodity prices. We expect, however, that these forces will ultimately be tempered by the increased competitiveness of Jamaica which has seen an adjustment in exchange rates, reduced interest rates, stable inflation, improving road infrastructure and is a net beneficiary of reduced global commodity prices. In addition, for Kingston Wharves, in particular, our strategic position between the major commodity producers of South America and the huge consumer markets of North America acts as an important hedge to volatility in the global economy. Finally, we still expect that the expanded Panama Canal, set for completion in June of this year, will improve the prospects for our port in handling the still growing supply of manufactured goods from Asia to the West.

The ease of moving goods across our borders continues to be an area of focus for Government policy. The introduction of legislation to allow for Special Economic Zones at the end of last year will reduce the barriers to trade for those businesses that operate within them. In addition, the launch of the automated system for customs data this year is intended to make the processing of customs entries more efficient and to further advance the effectiveness of the Jamaica Customs Agency.

Although Kingston Wharves sees opportunity in the environment in which it operates, we know that these factors are certainly not a sufficient condition for our success. Success will also depend on the degree to which we deploy our capital and expertise in unique ways to exploit these opportunities. This objective has led us to strategically organize our business activities into two distinct foci: port operations and logistics services with each division playing a specific role in executing our growth plan.

Our Port Operations will continue its program of capital improvements to its berth structure, container yard and equipment stock to improve efficiency. In 2015, this included the purchase of a new crane and other cargo handling equipment and an ongoing program of expanding and re-organising our container yard by relocating on-dock warehousing.

In addition, **we have sought to maintain our market leading position as a multi-user, multipurpose port by improving our capabilities for handling a full range of automotive cargo, bulk cargo and break-bulk cargo that is demanded by consumers and businesses in Jamaica and elsewhere.**

Our Logistics Services division seeks to provide the full range of integrated warehousing and logistics solutions for businesses and consumers with a view to attaining a leading position in this market segment. Logistics Services projects now in-train range from straight warehouse rental arrangements to full service picking, packing, inventory control and distribution for local and international clients. Moreover, we have embraced the national initiatives to improve the ease of doing business by creating a portfolio of new or re-modeled high quality warehousing, office, production and open storage space that can allow businesses to immediately benefit from the Special Economic Zone legislation and, thereby, bring business to Jamaica. We have also directly supported the introduction of the automated systems for customs data and have deployed our security services in a manner that both assists national efforts at border control while ensuring the protection of our clients' assets and goods in transit. These initiatives are directly in-line with our logistics strategy and will continue.

Our strategic goals and priorities are clear and, in a challenging environment, we have made positive advances on all of them. I thank my colleague directors for their guidance and support during the Year and on their behalf also thank the leadership, staff, stakeholders, and partners of the KWL Group, who have all contributed to our success in 2015.

DIRECTORS

Jeffrey Hall, BA, MPP, JD
Chairman
COMMITTEE: EXECUTIVE (CHAIR)

Jeffrey Hall was appointed Non-Executive Chairman of the KWL Group in 2014.
He is the Chief Executive Officer of Jamaica Producers Group Ltd. (JPG) which is listed on the Jamaica Stock Exchange and has its primary interests in manufacturing, logistics and agri-business in the Caribbean and Europe. Mr. Hall joined the company in 2001 and has served as CEO since July 2007.

Prior to joining JPG, he practiced banking and securities law in New York as a member of the New York Bar and was a founding partner of the Caribbean Investment Fund and senior executive of FINSAC, where he was involved in the acquisition and restructuring of various Jamaican financial institutions.

In 2014, Mr. Hall was appointed Chairman of Scotia Investments Jamaica Limited.
Mr. Hall received his Juris Doctorate degree, with honours, from Harvard University. He also holds a Master of Public Policy (Public and International Finance) from Harvard University, where he was awarded the Woodrow Wilson Fellowship and a Bachelor of Arts degree in Economics (summa cum laude) from Washington University.

OTHER BOARD AND COMMITTEE ASSOCIATION: Scotia Group Jamaica Limited, Scotia Investments Jamaica Ltd, Blue Power Group Limited, JAMPRO, Council of the Institute of Jamaica, Jamaica Producers Group. He has also served as a Director of the Bank of Jamaica and the Jamaica Stock Exchange.

LENGTH OF DIRECTORSHIP: 4 years

Grantley Stephenson, CD, JP
Chief Executive Officer
COMMITTEES: EXECUTIVE, AUDIT, COMPENSATION AND LEADERSHIP DEVELOPMENT

Grantley Stephenson is the Chief Executive Officer of the Kingston Wharves Group. He joined KWL in 2003 as Managing Director and has served in the dual capacity of Executive Chairman and CEO over the period 2004 - 2009 and 2011 – 2013.

An expert in the maritime sector of over 30 years, he is responsible for KWL's strategic development and expansion into a logistics centred hub for trade through the Caribbean.

He has headed a number of shipping companies, including Seaboard Freight and Shipping Limited and Jamaica Merchant Marine, working in the areas of Ship Owning and Operations, Ship Management and Ship Agency representation.

In 2010, Mr. Stephenson was ranked the No. 1 CEO among the companies trading on the Jamaica Stock Exchange by the Business Suite Magazine. He was re-elected as the President of the Caribbean Shipping Association in 2014, having held the position since 2012. He is Dean of the Consular Corps of Jamaica and the Honorary Consul General for the Kingdom of Norway. For his outstanding work in this role, he was conferred with the Jamaican National Award of the Order of Distinction - Commander Class and the Royal Norwegian Order of Merit, the highest award to a non-national.

A fellow of the Jamaica Institute of Management, Mr. Stephenson holds a Master of Business Administration from the University of the West Indies. He is also a graduate of the University of Technology in Jamaica and the University of Plymouth in the United Kingdom.

OTHER BOARD AND COMMITTEE ASSOCIATION: Security Administrators Limited, Shipping Association of Jamaica, Shipping Association of Jamaica Property Limited, Assessment Recoveries Limited, Ports Management Security Limited, ADVANTUM.

LENGTH OF DIRECTORSHIP: 12 YEARS

Bruce Brecheisen
COMMITTEE: Audit

Mr. Brecheisen is an Executive Vice President with Seaboard Marine, a leading ocean carrier in the Caribbean and Latin America. During his more than 25 years at Seaboard Marine, he has handled many functions including finance, strategic planning, risk management, asset procurement and various administrative and operational roles.

A graduate of Kansas State University, Mr. Brecheisen has been a voting member of the Port of Miami Crane Management, Inc. Board since 2010.

OTHER BOARD AND COMMITTEE ASSOCIATION: Career Source South Florida, formerly known as South Florida Workforce Board.

LENGTH OF DIRECTORSHIP: 1 YEAR

Kim Clarke
COMMITTEES: Executive, Compensation and Leadership Development

Kim Clarke is the President of the Shipping Association of Jamaica and Managing Director of the Maritime and Transport Group of Companies. The Maritime and Transport Group 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.

He is also the Managing Director of Boat Services Limited as well as Chairman of Amalgamated Stevedores Limited and Caribbean Crewing and Manning Services Ltd.

Mr. Clarke is a graduate of the University of Miami.

OTHER BOARD AND COMMITTEE ASSOCIATION: R.S. Gamble Limited, Arnold L. Malabre & Company Limited, Newport Fersan Jamaica Limited, Caribbean Shipping Association, Shipping Association of Jamaica Property Limited, Jamaica Customs Advisory Board.

LENGTH OF DIRECTORSHIP: 12 YEARS

Marshall Hall, CD
COMMITTEE: Audit

Dr. Marshall Hall is a Director of Jamaica Producers Group Limited, where he served as Group Managing Director for over 25 years.
Dr. Hall has been an academic economist and has served as Professor and Chairman of the Department of Management Studies (now the Mona School of Business) as well as Dean of the Faculty of Social Sciences at the University of the West Indies. He has also been a Professor at the University of Wisconsin in Madison Wisconsin, Washington University in St. Louis, Missouri and Makerere University in Kampala, Uganda.

He has held numerous corporate directorships and served as board chairman in a wide range of institutions in the public, private, academic and non-profit sectors in Jamaica and internationally. He is also a member of the PSOJ Hall of Fame and has been awarded the Order of Distinction in the Rank of Commander (CD) and the Order of Jamaica (OJ) by the Government of Jamaica.

Dr. Hall holds a Bachelor's Degree from the Colombia University and a PhD from the University of Wisconsin.

OTHER BOARD AND COMMITTEE ASSOCIATION: Police Services Commission, Council – University of the West Indies

LENGTH OF DIRECTORSHIP: 1 YEAR

Alvin Henry

COMMITTEES: Compensation and Leadership Development, Audit (Chair)

Alvin Henry is an Industrial Relations Consultant to the Shipping Association of Jamaica (SAJ). He retired from the SAJ in 2001 as its longest serving General Manager, having held the position for 20 years of a total 32 years of service to that organization.

Mr. Henry is also a member of the Institute of Chartered Accountants of Jamaica, and has served as the Executive Vice President of the Caribbean Shipping Association. With his expertise and negotiation skills, he remains actively involved in the shipping industry.

OTHER BOARD AND COMMITTEE ASSOCIATION: Joint Industrial Council for the Port of Kingston

LENGTH OF DIRECTORSHIP: 11 YEARS

Roger Hinds

COMMITTEE: Compensation and Leadership Development

He has worked in Jamaica's maritime sector for more than 30 years and is currently the Chairman of the Board of Transocean Shipping Limited and the founding Chairman of Transport Logistics Limited and Marine Haulage Service Limited. Mr. Hinds is a director and General Manager for recently established MSC Mediterranean Shipping Company Jamaica Limited.

As Past President of the Shipping Association of Jamaica, he remains an active member of the associations management committee and continues to serve as Chairman of ADVANTUM, formerly Port Computer Services and a as Director of Assessment Recoveries Limited.

Mr. Hinds holds a Bachelor of Arts degree and a Masters degree from the University of the West Indies.

OTHER BOARD AND COMMITTEE ASSOCIATION: The Shipping Association of Jamaica Property Limited, The Joint Industrial Council for the Port of Kingston and Chairman of Group "A" (Agents & Stevedores) of the Caribbean Shipping Association.

LENGTH OF DIRECTORSHIP: 12 YEARS

Charles Johnston, CD

COMMITTEE: Executive

Charles Johnston is the Chairman and Managing Director of Jamaica Fruit and Shipping Company Limited. He is the Chairman of Jamaica Producers Group Limited, Seaboard Freight & Shipping Co. Limited and T.S. Crane Services. In 2013, he was also appointed Deputy Chairman of Scotia Group Jamaica Limited, having served as a Director of the Board since 2007.

In 2006, Mr. Johnston was conferred with the National Award of the Order of Distinction, Commander Class and in 2008 he was inducted in the Hall of Fame of the Private Sector Organization of Jamaica. He holds a Bachelor of Science Degree in Economics, specializing in International Trade and Finance from the University of Pennsylvania's Wharton School of Finance and Commerce.

OTHER BOARD AND COMMITTEE ASSOCIATION: Shipping Association of Jamaica, Shipping Association of Jamaica Property Limited, Kingston Port Workers Superannuation Fund, Bank of Nova Scotia Jamaica Limited, Jamaica Public Service Company Limited, B & D Trawling Limited, Lennox Portland Limited, Kingston Logistics Centre Limited.

LENGTH OF DIRECTORSHIP: 12 YEARS

Harriat Maragh

COMMITTEE: Audit, Executive

Harriat Maragh is the Chairman and Chief Executive Officer of Lannaman & Morris Shipping Limited. He is also Chairman of Seafreight Lines Inc., Metro Investments Limited, the Kingston Port Workers Superannuation Fund and a Past President of the Shipping Association of Jamaica.
Mr. Maragh is a graduate of the Humber College of Applied Arts and Technology in Toronto, Canada and a member of the Institute of Chartered Shipbrokers.

OTHER BOARD AND COMMITTEE ASSOCIATION: Shipping Association of Jamaica, Shipping Association of Jamaica Property Limited, Seafreight Agencies Inc., ADVANTUM, National Cruise Council of Jamaica, Assessment Recoveries Limited

LENGTH OF DIRECTORSHIP: 12 YEARS

Kathleen Moss, BSC, MBA, CBV

COMMITTEE: Audit, Compensation and Leadership Development (Chair)

Kathleen Moss is a Management Consultant and Chartered Business Valuator with Sierra Associates, an independent advisory and business valuation firm which she established in 1993. She is a member of the Canadian Institute of Chartered Business Valuators and Chair of JN General Insurance Company Limited.

A graduate of the University of the West Indies and McGill University, she is a trustee of the Violence Prevention Alliance and a member of the Finance Committee of the Archdiocese of Kingston.

Mrs. Moss Chairs the Audit Committees of Jamaica Producers Group and Pan Jamaican Investment Trust and is a member of the Audit and Finance Committees of Jamaica National Building Society.

OTHER BOARD AND COMMITTEE ASSOCIATIONS: Jamaica Producers Group Limited, Assurance Brokers Jamaica Limited, JN General Insurance Company Limited, Jamaica National Building Society and Pan Jamaican Investment Trust Limited.

LENGTH OF DIRECTORSHIP: 4 YEARS

Robert Scavone

COMMITTEE: Executive

Robert Scavone currently provides advisory and management consulting services to a variety of clients including Deutsche Bank's $2 billion Maher Terminals investment, with terminals in the Port of New York/ New Jersey and Prince Rupert, Canada.He has held several senior executive roles in finance and the transportation industry including Managing Director of Macquarie Capital Funds' portfolio of terminal operating companies and Executive Vice President of Ports America where he was responsible for business development, negotiations with ocean carriers, and other aspects of the company's operations in North America.

Mr. Scavone has served on various Boards, including Terminales Rio de la Plata, Halterm Limited, Fraser Surrey Docks, Port of Miami Terminal Operating Company, and Port Newark Container Terminal.
Qualified as an attorney-at-law, Mr. Scavone received his Juris Doctorate from University of Michigan Law School, and a Master of Laws in taxation from New York University School of Law. He has a Bachelors' Degree in accounting from Boston College.

OTHER BOARD AND COMMITTEE ASSOCIATION: Double You Consulting LLC

LENGTH OF DIRECTORSHIP: 1 YEAR

Dorian Valdes

COMMITTEE: Executive

Dorian K. Valdes, P.E., is the Executive Vice President of The Sarandrea Group., a full service engineering company. Mr. Valdes is a professional engineer who has handled major infrastructure projects on behalf of the Miami Dade County where he worked for more than 25 years in several senior capacities including, Chief of the Water Management, and Recovery and Mitigation Divisions as well as Assistant Director with responsibility for US$ 2 Billion in technical improvements to the PortMiami infrastructure.

He is a graduate of the University of South Florida with degrees in Chemistry (B.A.) and Chemical Engineering (B.S.)

LENGTH OF DIRECTORSHIP: 1 YEAR

DIRECTORS' REPORT

The directors are pleased to submit the Group results for Kingston Wharves Limited for the year 2015.

OPERATING RESULTS:

- The Profit for the Group before income tax was $1.4 Billion.
- The Profit for the Group after Tax and Minority Interest was $1.25 Billion.

DIVIDENDS:

The Directors recommend that the following dividends declared during 2015 be declared as final.

- Ten cents ($0.10) per share paid on August 11, 2015
- Fifteen cents ($0.15) per share paid on January 20, 2016

Messrs. PricewaterhouseCoopers, the present auditors will continue pursuant to Section 154 of the Companies Act, 1965.

The directors wish to express their sincere appreciation to the management and employees for their contribution.

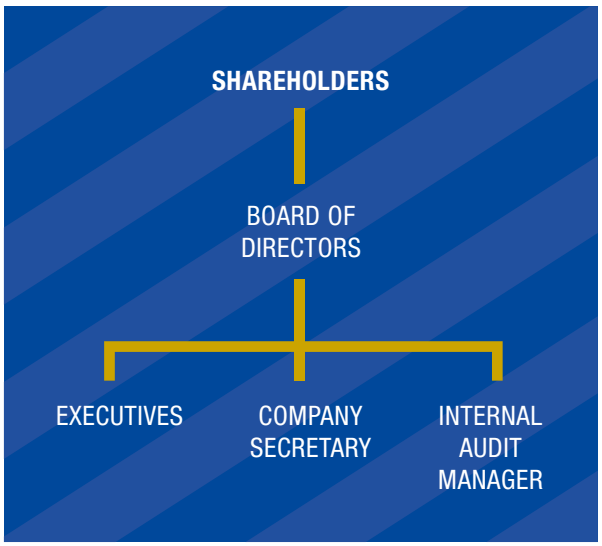
On behalf of the Board
April 28, 2016

ANNA I. HARRY
Company Secretary

CORPORATE GOVERNANCE

Effective corporate governance continued to be a major priority of the Kingston Wharves Group in 2015, as exemplified by the recruitment of a new Company Secretary/ Internal Legal Counsel, the review and modification of the Corporate Governance Policy (available on the KWL Website- www.kingstonwharves.com), and the implementation of a formal process of Board Evaluation. The Board continues to conform to international governance standards while providing strategic direction for the Group and support to Management, all of which are critical to the creation of shareholder value and maintaining the confidence of stakeholders.

CORPORATE GOVERNANCE STRUCTURE



BOARD COMPOSITION AND DIRECTOR SKILLS AND EXPERIENCE

The Board of Directors is comprised of 11 Independent, Non-Executive Directors and 1 Executive Non-Independent Director. Each Director contributes expertise in a variety of areas, as depicted in the chart below:

KEY AREAS OF EXPERTISE OF THE BOARD OF DIRECTORS

At all times, Directors are expected to exercise prudent, independent judgment in conducting the business of the Group, and to act in the best interest of the Group while balancing competing interests of stakeholders. In discharging that obligation, Directors rely on the expertise and guidance of the Company's senior management, external professional advisors and auditors.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

There were six (6) scheduled meetings of the full Board during 2015, as well as a number of special meetings to consider and decide on items of capital expenditure and other matters connected with the Company's strategic objectives.

REGULARLY SCHEDULED BOARD MEETINGS

DIRECTORS	ATTENDANCE AT MEETINGS
Jeffrey Hall, Chairman	6/6
Bruce Brecheisen	6/6
Kim Clarke	4/6
Dr. Marshall Hall	6/6
Alvin Henry	6/6
Roger Hinds	6/6
Charles Johnston	6/6
Harriat Maragh	4/6
Kathleen Moss	5/6
Robert Scavone	5/6
Grantley Stephenson	6/6
Dorian Valdes	6/6

SPECIAL BOARD MEETINGS

DIRECTORS	ATTENDANCE AT MEETINGS
Jeffrey Hall, Chairman	3/4
Bruce Brecheisen	3/4
Kim Clarke	3/4
Dr. Marshall Hall	2/4
Alvin Henry	3/4
Roger Hinds	4/4
Charles Johnston	3/4
Harriat Maragh	2/4
Kathleen Moss	3/4
Robert Scavone	3/4
Grantley Stephenson	4/4
Dorian Valdes	2/4

For the year 2015, the Board of Directors was assisted by the Executive, Audit, and Compensation and Leadership Development Committees.

EXECUTIVE COMMITTEE

The Executive Committee held four (4) meetings during 2015 with its principal mandate being to review and advise the Board of Directors on business development, capital expenditure, operational targets, and enterprise risks.

DIRECTORS	ATTENDANCE AT MEETINGS
Jeffrey Hall, Chairman	4/4
Kim Clarke	4/4
Charles Johnston	4/4
Harriat Maragh	3/4
Robert Scavone	4/4
Grantley Stephenson	4/4
Dorian Valdes	4/4

AUDIT COMMITTEE

The Audit Committee had four (4) meetings in 2015 in which it reviewed the integrity of the financial statements, accounting standards and controls, and budgets.

The Committee also played a significant role in the review of the Company's internal operational processes with a view to implementing safeguards and improvements to enhance efficiency, safety, and profitability.

DIRECTORS	ATTENDANCE AT MEETINGS
Alvin Henry , Chairman	4/4
Bruce Brecheisen	4/4
Dr. Marshall Hall	4/4
Harriat Maragh	3/4
Kathleen Moss	4/4
Grantley Stephenson	4/4

COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE

The Compensation and Leadership Development Committee had four (4) meetings during 2015, in which it managed the application of and sought to improve the policy and framework for incentive- based reward opportunities in support of the Company's business objectives. The Committee also had oversight of the Company's negotiations with the labour unions of which our employees are members.

DIRECTORS	ATTENDANCE AT MEETINGS
Kathleen Moss, Chairman	4/4
Kim Clarke	2/4
Alvin Henry	4/4
Roger Hinds	4/4
Grantley Stephenson	4/4

BOARD EVALUATION

In December 2015, the Directors participated in an evaluation exercise aimed at ascertaining whether there are any areas in which the Directors believe improvements are needed. The results of that exercise indicate that Directors feel they have a good understanding of their responsibilities, as well as of the organisation and operations of the Board and its Committees. Directors also indicated that they are satisfied with the amount and quality of the information provided by management to the Board and its Committees, as well as with the overall performance of the Board, the Chairman, and Management. The suggestions for improvement which have been made include measures for improving the effectiveness and efficiency of the existing governance and management structures, and these recommendations are being implemented strategically and on a phased basis.

DIRECTORS' CONTINUING EDUCATION

Directors receive year-round education and training regarding the Group and legal or regulatory and other changes impacting operations. Plans are in place to continue to expose the Directors to training opportunities, and the aim is to increase the number of training sessions in 2016.


TROPICAL
TRINIDAD TRADER
TRINIDAD
SINGAPORE

As we move into 2016 and beyond, capacity building will underpin our **GROWTH STRATEGY**

CEO'S MESSAGE

GRANTLEY STEPHENSON C.D., J.P.
CHIEF EXECUTIVE OFFICER

As the Chairman captured in his message, 2015 was a year of tremendous progress in moving forward the KWL agenda. We reported strong financial results and continued the transformation of our business; we are now focused on port operations and logistics services.

We achieved record results at the end of the 2015 Financial Year, a 22% rise in revenues and 53% increase in profits before tax over the previous year with Group Revenues at J$4.7 billion and Operating Profits at $1.6 billion; their highest levels in five years.

Net profits increased by 49% from J$849 million in 2014 to J$1.267 billion in 2015, significant growth by any standard. Security Administrators Limited (SAL), the Group's port and industrial security subsidiary, delivered noteworthy performance by recording the highest level of inflows since 2011 - 64% over the previous year.

The outfitting of the KWL Terminal with a new Mobile Harbour Crane was one of the most significant moments of 2015. The mobile harbour crane, Liebherr LHM 550, is the largest in operation on the Island and is designed to meet the demands of larger ships; it will also increase the efficiency of our stevedoring operations. The new crane is a significant component of a $600 million investment programme, which also includes two container stackers, to strengthen the terminal handling equipment mix and expand service capacity. There was major focus in 2015 on strengthening KWL's technology infrastructure and

introducing innovative technologies to bolster operations. We increased our investment in IT- related projects by 33% to J$111 Million, up from the J$83.5 Million spent in 2014. The Company acquired a full-scale Third-Party Logistics (3PL) processing software during the Year, which has enabled better inventory management and the generation of intelligent and pre-emptive reports for our growing number of logistics clients. With its scalability, the 3PL system is a major plank in KWL's logistics value proposition to meet the growing business demand anticipated in the year ahead.

Terminal activity during the Year points favourably to our prospects for the post-Panamax era where the KWL Group intends to further leverage its capabilities as a multi-purpose, multi-user port facility, along with its growing logistics capacity, to add value to cargo in Kingston for distribution throughout the Americas.

Vessel calls increased by more than 20% or 143 vessels over the 690 vessels berthed in 2014 and there was a 51% increase in the number of domestic motor-units handled during the year. Domestic twenty-foot equivalent units (TEUs) increased by 24% from 69,000 in the prior year to 86,000 in 2015, while transshipment TEUs increased by 8%, moving from 124,000 at year end 2014 to 134,000 at the end of 2015.

We know that logistics opportunity is as much about the build-out of the enabling physical infrastructure as it is about promoting KW's vision and its capacity to provide the synergies derived from combined port, warehousing, and customised logistics services; all of which are operated under special economic zone status. KW's port-centred logistics presents an attractive advantage to cargo owners who are perpetually refining and streamlining efficiencies of their supply chain. In 2015, KW sought forums to present these services to key audiences, chief amongst these were the Jamaica Investment Forum and TOC Americas Conference. Participation in both highly targeted events continues to yield concrete and serious interest in our logistics services.

As we move forward into 2016 and beyond, capacity building will underpin our growth strategy. Some of our efforts will include:

- Active construction of our 160,000 square foot Total Logistics Facility, introduced in 2014, to ensure we meet the target for completion at the beginning of 2017
- Utilization of our IT superstructure to introduce a host of measures to simplify and automate processes involved in the movement of motor vehicles to solidify our position as a regional auto-transhipment hub.

- Improvement in the competencies of our Team, including greater productivity and more innovative thinking, to ideally match the new and more nimble age in shipping and the provision of logistics services. We have started this development in our Team and will continue the process of alignment of talent acquisition, development, management and retention. We know the value and importance of a Strong Team; our improved financial commitment to training demonstrates our strategic focus on human capital development as an important pillar in delivering our growth strategy.

- Retention and continued strengthening of our position as specialist port and related anti-narcotic security services. SAL's strategic mission is focused on maximizing its potential across Jamaica and expanding its footprint as a City & Guilds accredited security training institution. The National Port Identification Centre, operated by SAL under delegated authority from the Port Authority of Jamaica, will undergo procedural, structural and equipment upgrades in 2016 to streamline operations for greater efficiency and profitability.

- Continued development and implementation of the framework and critical service tools to improve the quality of customer service and value proposition to our customers through the single-minded focus of the KW ACE Service Monitoring Committee on developing a culture of accountability, commitment, and excellence.

Growth is the norm for the KWL Group. However, for growth to be sustainable, it must be supported by a strong institutional capacity: infrastructure readiness, business process strengthening, visionary and transformative leadership, balanced equity-debt financing and differentiable customer service. We are undaunted by this task as transformation is one of the hallmarks of the KWL Group. I have no reservations about the efforts we will make to ensure that we will do what will be required to make our strategy of **Delivering Growth: Strategic Vision, Sound Investments, Strong Team, Serving Customers,** a resounding success.

LEADERSHIP TEAM

Our leaders bring a distinct set of experience and expertise needed to steer the KWL Group through this transformational period in global shipping, logistics and allied services. Together, they drive the achievement of our strategic imperative of delivering growth.

Grantley Stephenson, C.D., J.P.

Chief Executive Officer | KWL

Grantley Stephenson has executive management responsibility for maintaining the Group's businesses on the course of steady growth, profitability and sustainability through the planning and implementation of strategic objectives set out by the Board.

He is also charged with developing, enhancing and sustaining effective strategic relationships with key stakeholders of the business. Mr. Stephenson is accountable for the achievement of the Group's vision and provides leadership in the formulation of long-term strategies with the overarching objective of enhancing the global positioning and competitiveness of our businesses.

LENGTH OF TENURE: 12 Years

Mark Williams

Chief Operating Officer | KWL

Mark Williams is responsible for the development and execution of corporate strategy for the KWL Group. He ensures the efficient running of the Company and leads the monitoring and assessment of business performance to ensure the achievement of corporate goals and objectives.

In addition to managing the Group's strategic planning process, he also has responsibility for domestic and international business development, marketing, customer service, terminal operations, safety and security as well as Human Resources.

LENGTH OF TENURE: 4 Years

Clover Moodie

Group Chief Financial Officer | KWL

Clover Moodie is primarily responsible for planning, directing and controlling the Group's financial operations as well as all strategic and tactical matters as they relate to budget management, cost benefit analysis and financial forecasting.

Ms. Moodie oversees the management and coordination of all fiscal reporting activities for the group and provides advice on asset acquisitions and management, as well as other major revenue and expense considerations. She also directs the information and communication technology systems portfolio for the Group.

LENGTH OF TENURE: 2 Years

Valrie Campbell

Operations Manager - Receival & Delivery | KWL

Valrie Campbell is responsible for the implementation and monitoring of the systems, procedures and standards which support the efficient running of Kingston Wharves' warehouse and landside terminal operations. This includes overall responsibility for the container freight station, yard and gate activities and other support functions to ensure adequate preparation for the receiving, safe custody and delivery of cargo.

Ms. Campbell is KWL's Port Facility Security Officer (PFSO) and in this capacity provides oversight to the Terminal's Security and Safety portfolio. She also manages the investigation of all liability claims made to KWL and recommends appropriate action to management.

LENGTH OF TENURE: 15 Years

Lorna Dwyer

Human Resources & Administration Manager | KWL

Lorna Dwyer is responsible for the strategic planning, directing and implementation of the company's human resources policies, programs, and practices. In line with KWL "world-class" objectives, Mrs. Dwyer contributes strategic human resources inputs to overall development of business and operational plans needed to achieve the company's vision.

Mrs. Dwyer ensures that people management throughout the organization complies with the Company's policies, standards and values of acceptable standards of professionalism and management practices.

LENGTH OF TENURE: 1 Year

Jodenia Fergueson-Bryan

Internal Audit Manager | KWL

Jodenia Fergueson-Bryan is responsible for the performance of internal audits, internal control compliance efforts, identification and communication of internal control issues and opportunities for all the Company's business units. She recommends and implements systems to strengthen internal control, improve policies and procedures and supports the Company's risk management strategy.

Mrs. Fergueson-Bryan manages communication with external auditors regarding the internal control compliance program and supports the interim and year-end financial statement audits.

LENGTH OF TENURE: 1 Year

Lancelot Green

Information Technology Specialist | KWL

Lancelot Green identifies information and communication systems technology that can contribute strategically to the achievement of business objectives.

He administers the systems analysis and implementation of computer applications and hardware including upgrading, redundancies and compliant recording of the systems on a daily basis. Mr. Green also evaluates the company's technology use to continually improve systems as well as ensure that the security and integrity of systems and data are maintained at the highest standards.

LENGTH OF TENURE: 1 Year

Anna Harry

Corporate Secretary and Legal Counsel | KWL

Anna Harry manages all matters relating to the governance, compliance and legal requirements of the Company and provides related reports to the Chairman and Board of Directors. She provides administrative support to the Board of Directors, ensuring efficient functioning of the Board and its sub-committees.

She also provides legal advice to the Company regarding governance issues, liaises with the relevant departments to monitor and ensure compliance with all regulatory and statutory requirements. Ms. Harry also manages all liability claims made to KWL and recommends appropriate action to management.

LENGTH OF TENURE: 1 Year

Simone Murdock

Marketing & Client Services Manager | KWL

Simone Murdock leads KWL's marketing and client services portfolio which includes strategy execution in the areas of client operations and experience and customer relationship management. She is responsible for streamlining client contact points, wharfage processes, developing service standards and procedures to monitor service protocol, ensuring service team's optimal performance, customer satisfaction and retention.

Mrs. Murdock develops and maintains marketing, corporate communication and public relation strategy and campaigns. Additionally, she supports KWL's business development, and strategic planning efforts through her involvement in service adaptation, new product development and market research

LENGTH OF TENURE: 7 Years

Marcello Richards

Engineering Manager | KWL

Marcello Richards has responsibility for the overall operations of all engineering and fleet management functions within the company. He ensures that the infrastructure, electrical systems and equipment are maintained at the highest level.

Mr. Richards also develops and implements maintenance programs, designs and plans the layout of buildings and design structure as well as oversees resource planning and mobilization for construction and infrastructure works.

LENGTH OF TENURE: 4 Years

Lloyd Smith

Technical Services Manager | KWL

Lloyd Smith is responsible for the monitoring and management of all electrical related systems, as well as mechanical construction and maintenance activities. He ensures that all electrical installations and systems are maintained at the highest level and also develops and implements effective electrical maintenance and mechanical engineering programmes for the facilities of the Company. Mr. Smith handles the procurement services of contractors to effect repairs on electrical installations and fixtures.

Mr. Smith provides technical leadership for refrigerated container management and support services offered by the Company.

LENGTH OF TENURE: 20 Years

Omar Walker

Safety & Security Manager | KWL

Omar Walker manages all aspects of the Company's safety and security policies and procedures in order to safeguard KWL personnel and property. He ensures periodic strategic review of all safety and security measures, monitors and investigates all safety and security breaches and implements corrective measures to improve effectiveness. Mr. Walker is also responsible for developing safety programmes and conducting employee training to ensure compliance with the Company's objectives.

He also operates as KWL's Deputy Port Facility Security Officer, and in this capacity, Mr. Walker coordinates the company's adherence to protocols under the International Ship and Port Facility Security (ISPS) Code.

LENGTH OF TENURE: 3 Years

Captain George Reynolds, O.D., J.P.

Managing Director | SAL

Captain George Reynolds is charged with leading the company and structuring all resources to increase the profitability of Security Administrators Limited. Captain Reynolds directs all aspects of management for the company and is primarily responsible to design, develop and implement strategic plans in alignment with objectives and targets.

He also ensures that adequate security measures are implemented and maintained in order to protect the property of the terminal, shipping agents and consignees and reduce illicit use of the port.

LENGTH OF TENURE: 4 Years

Juliet Crawford

Administration & Human Resources Manager | SAL

Juliet Crawford directs all human resources and administration related matters for Security Administrators Limited. She also manages the activities of the National Port Identification Processing Centre, which includes the production of port identification card.

Her portfolio includes recruitment and staffing, preparation of employee contracts, performance evaluation and management, employee compensation, benefits, development and training.

LENGTH OF TENURE: 20 Years

Calvin Watson

Assistant Operations Manager | SAL

Calvin Watson works closely with the Managing Director to oversee security and safety activities and manage daily operations at client locations, vessel security systems at the relevant port facilities. He is responsible for managing, training, and assessing performance of the company's security personnel and internal investigations.

LENGTH OF TENURE: 28 Years

Delivering GROWTH.

KWL is embarking on a high growth trajectory. This objective has led us to strategically organize our business activities into two distinct business lines: port operations and logistics services with each division playing a specific role in executing our growth plan. This means setting clear, stretching yet realistic, goals for delivery under each of the pillars of: Strategic Vision, Sound Investments, Strong Team, Serving Customers.

To achieve our ambitious targets we see our new role as brokers of capabilities. **This will require a different thinking: the ability to see possibilities where there were none**.

4 This engagement will drive our focus on **SERVING CUSTOMERS** to not only ensure that we keep existing customers but to also help in acquiring new ones even as we expand our customer value proposition to deliver world-class service.

3 Our growth plan is ambitious and must be shaped by, and delivered through, a **STRONG TEAM** effort underpinned by a culture of meaningful and effective leadership, and employee and stakeholder engagement.

2 The achievement of our vision is platformed on **SOUND INVESTMENTS** in expanding facilities, improving equipment, modernizing technology, and developing our People.

1 We will remain focused on our **STRATEGIC VISION** of becoming the Best Multipurpose Port in the Region, but we have also set our sight on becoming the Lead Logistics Service Provider, an area of focus which represents growth opportunities for the KWL Group.

KINGSTON WHARVES LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

(MD&A)

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Management of Kingston Wharves Limited (KWL) is responsible for the reliability of the information disclosed in the Management Discussion and Analysis (MD&A). The MD&A provides an overview of the financial performance of the Group and its subsidiaries which is consistent with previous disclosures made by the Group and its audited financial statements for the Financial Year 2014. This MD&A includes forward-looking statements based on our current strategic plans and expectations about future events. In light of the risks, uncertainties and assumptions discussed in the Chairman's Message (Pages 13 - 14) 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.

We started 2015 on a high note, embracing our important 70th anniversary milestone and embarking on a new phase of our transformation story that will see us evolving steadily into a gateway for trade in the Americas. The achievements realized over our 70-year journey fuel the strong belief in our vision that we will become, in the long-term, the world's leading multipurpose port operator.

Several major achievements in 2015 showed us true to our strategic corporate development and expansion plans. These included, among other things, the acquisition of new state-of-the-art terminal handling equipment, the roll-out of vertically integrated services and a sharp focus on productivity and human capital development.

2015 Performance

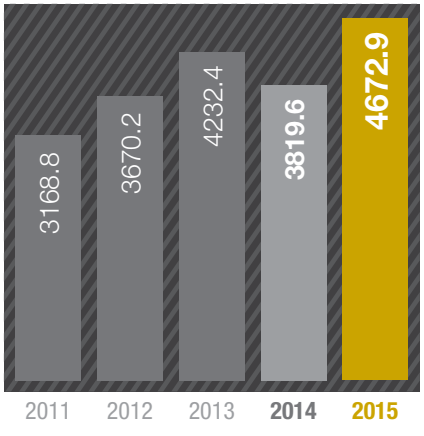
THE GROUP

Our 2015 results demonstrate clear delivery against our commitment to improving shareholder value through strategic investments that secure the Kingston Wharves Group's reputation as a leader in industry for more than 70 years. We achieved record results at the end of the 2015 Financial Year with both Group Revenues and Operating Profits reaching their highest levels in five years at J$4.7 billion and $1.6 billion, respectively. These numbers reflect a 22% increase in revenues and 53% increases in profits before tax over the previous year.

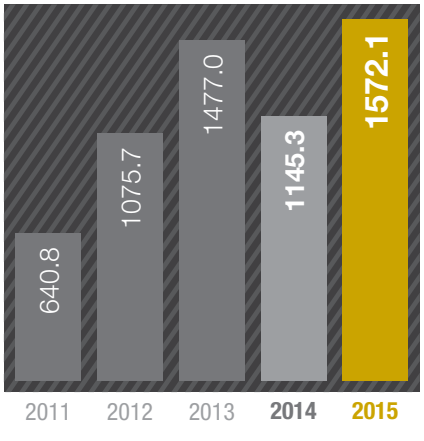
Net profits also showed significant growth, increasing by 49% from J$849 million in 2014 to J$1.3 billion in 2015. This extraordinary performance is attributed to a notable expansion of activities at the Kingston Wharves Terminal, driven by targeted business development and marketing initiatives along with the Group's deliberate thrust to maximize operational efficiencies.

The Group capitalized on the national focus in 2014 on developing a logistics-centred economy to create wider awareness of its operational capacity and strategic plans. This resulted in improved investor confidence in the KWL Group evidenced through increased demand for the Group's shares on the Jamaican Stock Exchange. This resulted in an 89% increase to KWL's stock price at year end 2015, which climbed to J$11.36 per unit from J$6.00 per unit at the end of 2014.

GROUP REVENUE ($M)



GROUP OPERATING PROFIT ($M)



KINGSTON WHARVES LIMITED

Revenues for Kingston Wharves Limited (The Company) increased to J$4.12 billion in 2015, representing a 24.5% increase over the prior year's J$3.31 billion. Operating profits performed similarly, growing by 14% over 2014 from J$1.34 billion to J$1.52 billion at year end 2015. Direct costs associated with the increased revenue levels saw a comparative reduction moving from 53% to 50% during the year under review.

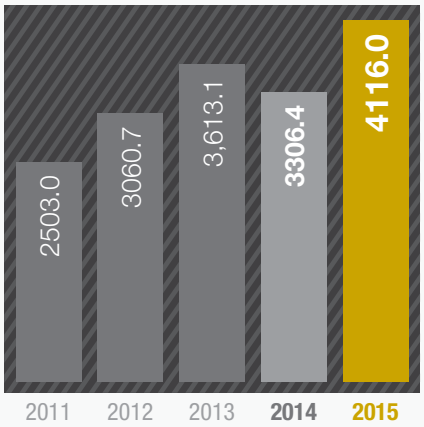
With all things considered, net profits grew commendably to J$1.23 billion or by a 17% margin over the prior year.

Activity at the KWL Terminal showed evidence of a rebound in 2015. Vessels calls increased by more than 20% with attendant increases in our handling of cargo volumes in the container, bulk, break-bulk and motor unit categories.

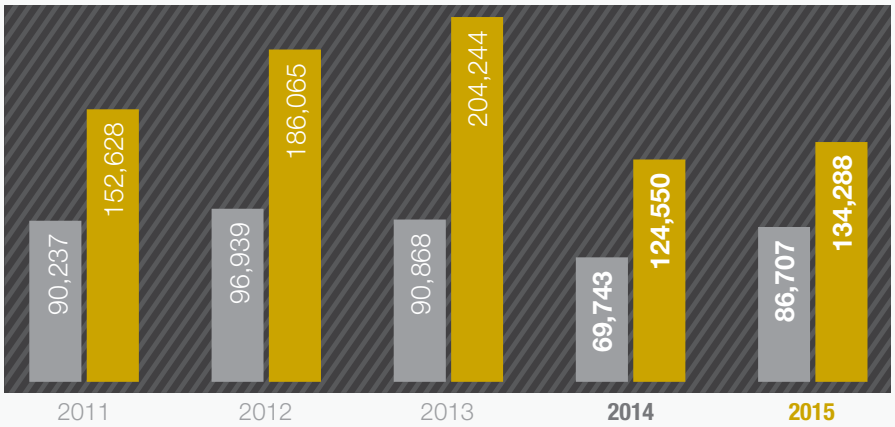
There was a 51% increase in the number of domestic motor-units handled during the year, reflecting mainly the growing demand for motor vehicles in the Jamaican market and the presence of a new entrant to the new car distribution trade. Transhipment motor unit volumes increased marginally by 7%.

Domestic twenty-foot equivalent units (TEUs) increased by 24% from 69,743 in 2014 to 86,707 in 2015, while transhipment TEUs increased by 8%, moving from 124,000 at year end 2014 to 134,000 at the end of 2015. The improving indices stem from a combination of factors, including consistently increasing volumes from

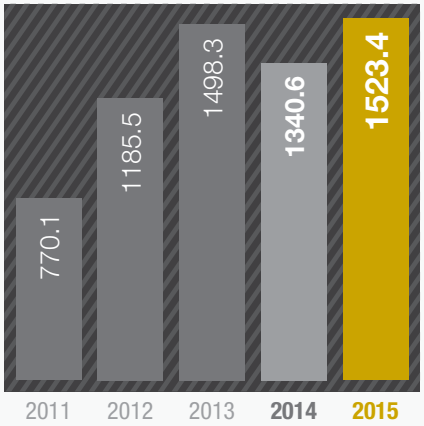
KWL REVENUE ($M)



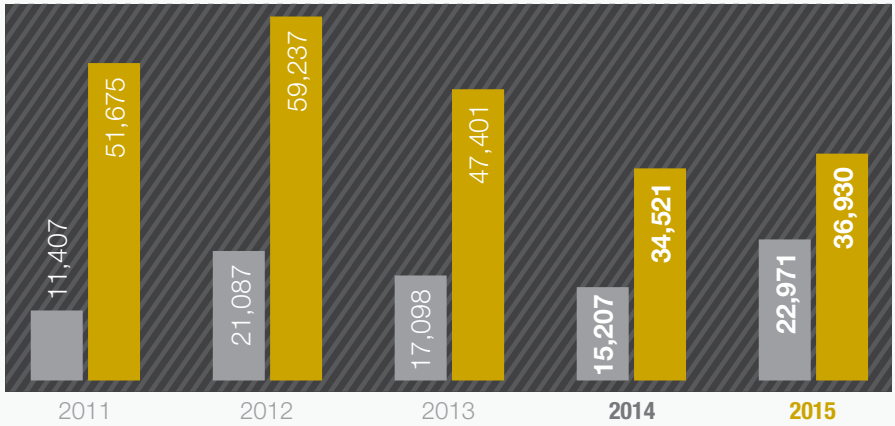
CONTAINER TEU'S HANDLED



KWL OPERATING PROFIT ($M)



MOTOR UNIT MOVES



some of our existing Shipping Lines and the recovery of business from another major customer.

Our handling of Salt, Steel and Liquid bulk vessels accounted for further major increases in 2015, moving by 50%, 43% and 31% over 2014, respectively.

SECURITY ADMINISTRATORS LIMITED

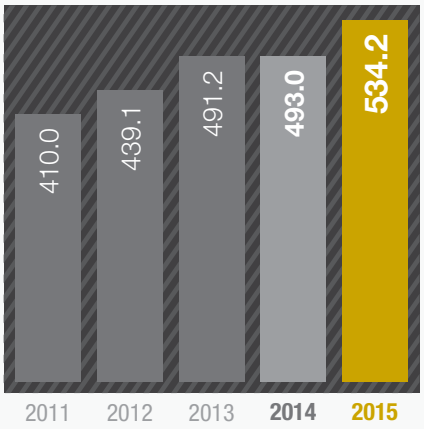
Security Administrators Limited (SAL), the Group's port and industrial security subsidiary, grew its revenues by J$41 million to J$534 million in 2015. SAL contributed J$43.8 million to Operating Profits and J$33.5 million to Net Profits of the KWL Group for 2015. Operating Profits increased by 67% or J$17.5 million, over the previous year and is the highest level of inflows received by the Company since 2011.

The Company undertook carefully managed cost containment initiatives during the period under review, chief among them being the commencement of an exercise to outsource, by natural attrition, its non-port security operations under the umbrella of SAL Security Services Limited. The process will be complete by year end 2016 and is to result in the elimination of redundant administrative processes and expenses.

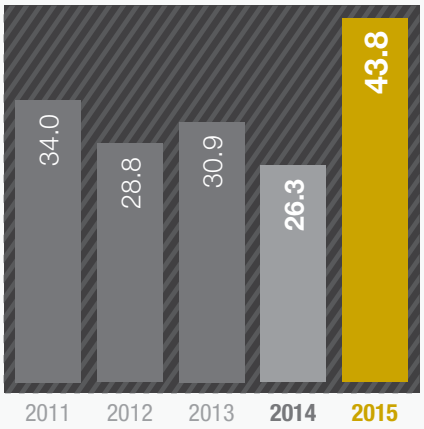
SAL's strategic mission in going forward is focused on maximizing its potential in specialist port and related anti-narcotic security services across Jamaica and expanding its footprint as a City & Guilds accredited security training institution.

In continuation of the Company's modernization, it also intends to improve the penetration of best-in-class technology throughout its operations. Among the initiatives planned for 2016 is the overhauling of the National Port Identification Centre that SAL now operates under delegated authority from the Port Authority of Jamaica. The Centre is to undergo procedural, structural and equipment upgrades to streamline its operations for greater efficiency and profitability.

SAL REVENUE ($M)



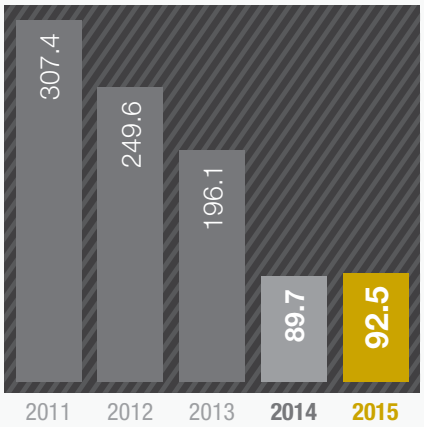
SAL OPERATING PROFIT ($M)



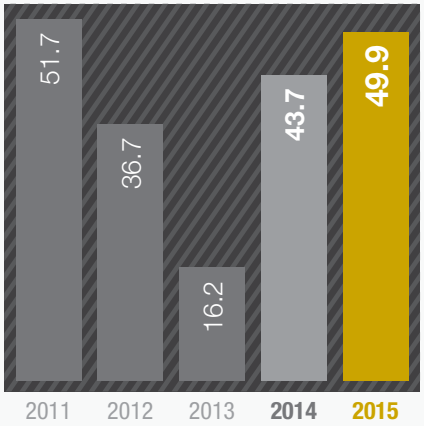
HARBOUR COLD STORES (HCS)

A marginal improvement of 3% increased revenue for this business unit to J$92.5 million. Revenues for HCS are now generated from the refrigeration segment as well as fixed rental received under lease contract with the current operators of the cold storage facilities. Further streamlining of operations contributed to operating profit increasing by 14% increase when compared to 2014 period. The refrigerated services and cold storage operations continue to add value to the Company's logistics offering and as such, going forward its contribution will be attributed to the logistics services business unit.

HCS REVENUE ($M)



HCS OPERATING PROFIT ($M)



WINNING SERVICE STRATEGY: KWL ACE

Launched in 2013, the Group continued the roll-out of its Customer Service strategy, where it focused on upskilling and reengaging staff on its mantra of delivering world-class service through a team that is Accountable, Committed and striving for Excellence. The process involved the formation of an ACE Service Coordinating Committee, with Group-wide representation, to develop, operationalize and promote KWL's service standards. These standards are geared towards enhancing service quality and responsiveness with a view to engender greater levels of customer loyalty and increased business through organic channels such as customer and business-to-business referrals.

GRASPING THE LOGISTICS OPPORTUNITY

We launched a new range of logistics services targeted to clients in the Tourism, Pharmaceutical, Automobile and Petroleum industries. The synergies derived from combined port, warehousing, and customised logistics services, all of which are operated under special economic zone status, present an advantage to clients in the management of costs and streamlining efficiencies of their supply chain.

Capitalising on our reputation as Jamaica's largest motor unit handling facility, KWL secured a global leading automobile brand as its logistics services client and also gained the interest of other well-established global automobile brands. The Company has expanded its logistics services clientele to include well-established brands in the petroleum, tourism and pharmaceutical industries. Our customised logistics services include the management of inbound and outbound fleet movement for domestic or transhipment destinations, customs and clearance processing, free zone facility usage and inventory management. The scope of services is expected to extend to the management of auto parts in 2016.

In 2015, Kingston Wharves Limited facilitated and participated in numerous trade shows, expositions, conferences and community interest gatherings in search of opportunities to realise our regional logistics hub aspirations. Chief amongst these activities was participation in the Jamaica Investment Forum which created a matchmaking platform with local and international investors. Participation afforded KWL the opportunity to position its logistics services to a highly targeted audience which yielded several leads now being actively developed into concrete and serious interests.

A delegation, headed by Grantley Stephenson , Chief Executive Officer, , attended the 2015 Terminal Operators Conference (TOC) of the Americas, arguably the largest shipping-focused conference and exhibition held annually in the Caribbean and the

Americas. Mr. Stephenson delivered a keynote address on the theme "A New Era for the Caribbean" in one of the Conference's opening sessions. His presentation focused attention on the imperatives for the Caribbean and, by extension, KWL to strengthen competiveness and realise the opportunities presented by the expansion of the Panama Canal and other developments in the Region.

TECHNOLOGY UNDERPINNING OUR GROWTH STRATEGY

A critical part of our Group's formula for success in the near-to-medium term is ensuring readiness for the wave of technical and technological changes that are imminent in the shipping and logistics industries. Not least of these are plans to fully implement the Automated System for Customs Data (ASYCUDA World) by the Jamaica Customs Agency, the development of a Port Community System (PCS) led by the Port Authority of Jamaica, and a Single Trade Electronic Window by Jamaica's Ministry of Industry, Investment and Commerce. These initiatives require KWL's technology systems to be robust and sophisticated to ensure seamless integration for real-time data exchange between users located in Jamaica and in international territory. Therefore, there was major focus in 2015 on strengthening KWL's technology infrastructure.

Among the projects implemented was the harmonization of networking systems across our Free Zone and

satellite offices using a centralized IT platform. Effectively, this project has paved the way for a more simplified means for users of KWL technology systems to interconnect and share information in the digital space. Virtualization and Replication became buzzwords across the KWL Group during the period under review as the Organization invested heavily in buttressing our systems to ensure mitigation, recovery and business continuity in emergency and disaster situations. Our virtualizations systems have also allowed for the expansion of our storage and IT processing capacity while eliminating the customarily high costs associated with investments in physical hardware.

After extensive benchmarking, the Company acquired a full-scale Third-Party Logistics (3PL) processing software during the Year to better manage inventory and generate intelligent and pre-emptive reports for its growing number of logistics clients. With its scalability to meet the growing business demand anticipated in the year ahead, the 3PL system has become a major plank in KWL's logistics value proposition.

REALISING OUR VISION THROUGH HIGH PERFORMANCE PEOPLE

At the centre of the Human Resources (HR) strategy of the KWL Group is the philosophy that self-propelling, cohesive and high-performance people are more effective at accomplishing organizational goals. As the Company entrenches its 70-year tradition of breaking new frontiers in its many areas of business, our HR strategies have continued to evolve with the changing needs of industry and to adapt to new thinking in talent acquisition, development, management and retention.

During 2015 a key area of focus under the HR portfolio included right-fitting the organization with competencies ideally matched to a new and more nimble age in shipping which now requires a faster pace and more innovative thinking. This right-fit strategy has guided our recruitment activities and drives our interventions in training, leadership development and succession planning through which we upskill team-members and expand our knowledge bases with a view to enhancing our competitiveness and institutional capacity.

Several targeted training programmes were undertaken during the year covering the following functional areas:

- **Stevedoring: Global Best Practices in Port Operations Management**
- **Safety & Security: Monitoring and Enforcing International Safety Standards**
- **Equipment Operations: Efficient Handling of Mobile Harbour Cranes**
- **Engineering: Pre-emptive, Preventative and Emergency Equipment Upkeep**
- **Information Technology: Hardware and Networking Competence Development**

In 2015 the Group began to explore a pioneering training and employee development initiative which involved the exploration of a formal partnership with the United Nation's International Labour Organization (ILO) based in Switzerland. The ILO, having been engaged in training for the port industry under their Dock Work and Occupationalv` Health & Safety conventions since the 1970s, offers a widely accredited and subscribed Portworker Development Programme across the Americas, Asia, Africa, Europe and the Arab States. The partnership agreement between Kingston Wharves and this body will be finalized through a long-term licensing agreement in 2016. Its operationalization will signal globally accepted port-work certification to a wide cross-section of KWL employees - with the dual benefit of ensuring their professional development and greater organizational alignment with international work standards.

The funds have been earmarked in 2016 to properly fund the provision of timely and relevant learning, growth and certification opportunities for what is expected to be the largest ever contingent of employees trained during a financial year.

READYING INFRASTRUCTURE: OPTIMIZED AND RELIABLE EQUIPMENT

The outfitting of the KWL Terminal with a new Mobile Harbour Crane was one of the most significant moments of 2015. Arriving at the facility in November, the Liebherr LHM 550 was acquired at a cost of J$460 million and has already increased the levels of productivity

The **LHM 550** is designed for versatile and efficient handling of up to Post-Panamax-sized vessels, reaching as far as 18 cargo containers across with a lifting capacity of 104 tonnes and 54 meters in maximum radius, depending on configuration. The new equipment is among the most modern in its class, including advanced Liebherr electronic systems which guarantee highly responsive, smooth and precise manoeuvrability while maximizing operational safety.

achieved at the KWL port. The new state-of-the-art crane is particularly suited to boost operational capacity at Kingston Wharves, which handles an extensive range of cargo types including bulk, break-bulk and containers of multiple sizes. The latest addition brings KWL's crane fleet to a total of five and forms a major plank in our growth strategy and in ensuring Kingston Wharves will remain globally competitive in the Post-Panamax era.

Additional equipment acquisitions during the Year included a new crane Spreader-Bar to support operations continuity during scheduled and unscheduled maintenance activity, three pick-up trucks to improve the mobility of technical teams across the expansive KWL footprint and advanced maintenance tooling machines, including a thermal imager for predictive maintenance and evaporative coolers for port and warehouse operations.

There were also a number of notable infrastructure development projects completed in 2015. This includes the rehabilitation of 1,500 square meters of container storage area under a second phase of execution – the first being some 2,300 square meters of space rehabilitated during 2014. Approximately J$31 million was spent on this undertaking during the Year under review as we continue to improve the wear-resistance of our operations areas to the rigours of heavy-duty port machinery.

LEADERS IN SAFETY & SECURITY

The KWL Group prides itself on being in tune with the leading trends and standards in Safety & Security. Having received certification under the International Ship and Port Facility Security (ISPS) Code in 2014, valid through 2019, we continued to monitor, and enforce the strictest and largely intelligence-based security regulations which preserve the integrity of our gates, cargo passing through our facilities and our enviable reputation. We conducted 10 ISPS drills and training sessions during the Year with participation from staff at various technical and non-technical levels of the Group.

We actively engaged with members of our stakeholder community in quarterly KWL Port Security Committee meeting during the Year. This Committee received overwhelming support from Government and private sector partners involved in the provision of port security services and regulation, with whom we have far-reaching agreements that have introduced more risk-based strategies in port security management.

As we move into more logistic- centric operations, we are increasing our security vigilance and have plans to overhaul our closed-circuit monitoring systems during 2016 and expand our electronic access control to greater monitor access and movements throughout our Free Zone space.

The safety of our clients and employees is a central responsibility which the KWL Group takes seriously. We have engaged our clients, customers and stakeholders in several awareness-raising exercises, which yielded positive results in 2015. Remaining proactive in this area, we reclassified jobs according to their levels of risk exposure and delivered sensitization interventions designed specifically for each group. There were also routine safety inspections which resulted in the implementation of timely corrective and preventative safety measures. Importantly, a safety breach ticketing system was introduced in 2015 which has significantly lowered the number of incidents recorded during the year.

OUTLOOK 2016

As our transition to a logistics-driven enterprise takes on greater momentum, we renew our focus on our critical success factors of infrastructure readiness, business process strengthening, visionary and transformative leadership and differentiable customer service. These, we believe, will ensure the Group is well placed to both take advantage of and create opportunities from the raft of changes expected in the regional shipping environment.

In this phase of our next 70 years where trading patterns and routes are shifting to meet such major occurrences as the widening Panama Canal, an already expanded Suez Canal and the possibility of a new passage way via Nicaragua, ports in the Caribbean and the Americas are vying for increased volumes in the

context of fewer vessel calls. This phenomenon is arising from the consolidation of cargo via alliances of shipping line with slot sharing agreements even amongst fierce rivals.

We are strengthening all our bases with a focus on our staff that is sharper than ever before, recognizing that our foray and success in the realm of value-added services will require a team that is strong and innovative and highly-responsive to the needs of a new set of players.

Our 160,000 square foot Total Logistics Facility (TLF), introduced in 2014, is under active construction and is already generating interest from international and local stakeholders. The Facility is being built to first-world standards which will rival some of the best in the Caribbean. By the time of its completion in early 2017, the TLF will complement a deepened port draft at the KWL terminal and the post-Panamax vessels that we expect to make Kingston a part of their regular routing.

We are continuing to build on our reputation as a regional auto-transhipment hub and will introduce in 2016 a host of measures that will utilise our IT superstructure to simplify and automate processes involved in the movement of motor vehicles. This is another ambitious goal of ours which we are confident will be achieved.

Our goal remains to return value to our shareholders and increase our relevance and reputation through becoming the best at what we do, with the best team, the best equipment and the best infrastructure. We move forward with confidence knowing that the next 70 years and beyond will be a reflection of what we have so far accomplished, what we will do today and how we lay the foundation for the future.

BUSINESS HIGHLIGHTS

The 70th Anniversary Commemoration - A World Class Vision built on 70 years of achievement - designed to enhance the Organisation's brand as a well-established Jamaican corporate entity positioned for the future. The 70th Anniversary commemoration included a series of staff-focused events culminating in a Thanksgiving Church Service. A brief address by the CEO and performances by the KWL 70th Anniversary Choir and Praise Academy of Dance aptly commemorated the Company's significant milestone.

KWL 70th Anniversary Thanksgiving Service KWL Customer Appreciation Cocktail KWL Long Service Award Presentation 2015 National Association of Domino Bodies (NADB) Champions – Kingston Wharves Domino Team

GRASPING THE LOGISTICS OPPORTUNITY

Positioning the KWL logistics ambition for shareholders, prospective clients, and industry and community stakeholders was achieved through the Company's facilitation and participation in numerous trade shows, expositions, conferences and community interest gatherings. Chief amongst these activities was its participation in the ● Jamaica Investment Forum, ● Hon. Andrew Holness Tour of Kingston Wharves Limited. ● Former Minster of Ministry of Industry, Investment and Commerce, Hon. Anthony Hylton Tour of Kingston Wharves Limited ● Jamaica Producers Group Executive Retreat – Port Tour & Luncheon

COMMEMORATING 70 YEARS of Support to the Development of Our Communities

CORPORATE SOCIAL RESPONSIBILITY

KWL understands and has operated on the belief that the achievement of national development will be the result of sustained commitment through focused support to select programmes and projects geared toward the long-term transformation of the lives of our youth, our shared community and our nation.

UNION GARDENS INFANT SCHOOL

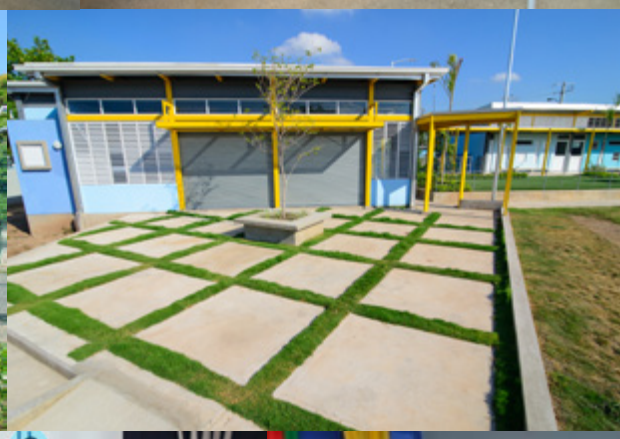
A BEST IN CLASS EARLY CHILDHOOD EDUCATION PROJECT

In acknowledgment of the early childhood education mantra "start them right, keep them bright", over the years, KWL has supported the development and sustainability of the Union Gardens Infant School. In 2015, as part of the commemoration of its 70-years of working to transform the lives of young people in the community in which it operates, the support to the School was significantly increased. KWL collaborated with private and public stakeholders to conceptualise, design, fund, construct and administer self-sustaining operations to the School, a best-in-class early childhood facility, located in the surrounding community of Greenwich Farm.

The 'new' School, opened in September 2015, welcomed 103 children between the ages of 3 – 6 years. The facility features large, airy classrooms with adjoining bathrooms, a spacious auditorium, covered walkway-linked buildings with play areas and landscaped common areas, and has the capacity for 150 students. This more than doubles the capacity of the original Union Gardens Christian Academy, adopted by KWL in 2005. That school is one of the three under resourced basic schools within the surrounding community that have been merged into this 'new' Infant School.

Through the assistance of the Chase Fund and Stewart's Industrial, free transportation to and from school is provided allowing children from communities adjoining Marcus Garvey Drive and Spanish Town Road to benefit from the improved learning environment.

KWL continues to participate in the life of the School through its membership on the Board of the umbrella stakeholder group – The Union Gardens Foundation, a duly registered charitable organization under the 2013 Charities Act. The success of the Union Gardens Project has generated support for the Foundation to replicate the initiative in other communities in Jamaica.



SPORTS - The 26-year **KWL UNDER-15 CRICKET COMPETITION** continues its transformation of the lives of young cricketers many of whom have achieved world class acclaim. In 2015, KWL also supported a junior competition of the **JAMAICA TABLE TENNIS ASSOCIATION**.

SHAREHOLDINGS

TOP TEN SHAREHOLDERS
as at December 31, 2015

NAMES	SHAREHOLDING	% OF CAPITAL
JAMAICA PRODUCERS GROUP LTD	600,736,635	42.00
S.B.D. LLC	300,689,810	21.02
SHIPPING ASSOCIATION OF JAMAICA PROPERTY LIMITED	164,079,346	11.47
KINGSTON PORTWORKERS SUPERANNUATION FUND	159,397,467	11.15
MARITIME & TRANSPORT SERVICES LTD	71,475,924	5.00
LANNAMAN & MORRIS (SHIPPING) LTD	28,845,258	2.02
SAGICOR POOLED EQUITY FUND	11,575,633	0.81
NCB INSURANCE CO LTD. - A/C WT 181	10,000,000	0.70
SEAFREIGHT LINE	6,029,108	0.42
A. E. PARNELL	4,277,776	0.30

DIRECTORS' SHAREHOLDINGS
as at December 31, 2015

DIRECTORS	TOTAL	DIRECT	CONNECTED
BRUCE BRECHEISEN	300,689,810	-	300,689,810
KIM CLARKE	239,833,046	-	239,833,046
JEFFREY HALL	600,736,635	-	600,736,635
MARSHALL HALL	600,918,611	-	600,918,611
ALVIN HENRY	91,333	91,333	-
ROGER HINDS	1,481,481	-	1,481,481
CHARLES JOHNSTON	601,470,600	24,458	601,446,142
HARRIAT MARAGH	34,874,366	-	34,874,366
KATHLEEN MOSS	601,738,635	2,000	601,736,635
ROBERT SCAVONE	-	-	-
GRANTLEY STEPHENSON	331,369	331,369	-
DORIAN VALDES	-	-	-

EXECUTIVES' SHAREHOLDINGS
as at December 31, 2015

EXECUTIVES	TOTAL	DIRECT	CONNECTED
JODENIA FERGUSON-BRYAN	-	-	-
VALRIE CAMPBELL	-	-	-
JULIET CRAWFORD	17,109	17,109	-
LORNA DWYER	-	-	-
LANCELOT GREEN	-	-	-
ANNA HARRY	-	-	-
CLOVER MOODIE	-	-	-
SIMONE MURDOCK	-	-	-
DEAN PANTON	-	-	-
GEORGE REYNOLDS	-	-	-
MARCELLO RICHARDS	-	-	-
LLOYD SMITH	-	-	-
GRANTLEY STEPHENSON	331,369	331,369	-
CALVIN WATSON	-	-	-
MARK WILLIAMS	-	-	-

CORPORATE DATA

CHAIRMAN
Jeffrey Hall

CHIEF EXECUTIVE OFFICER
Grantley Stephenson

DIRECTORS
Bruce Brecheisen
Kim Clarke
Marshall Hall
Alvin Henry
Roger Hinds
Charles Johnston
Harriat Maragh
Kathleen Moss
Robert Scavone
Grantley Stephenson
Dorian Valdes

AUDITORS
PRICEWATERHOUSECOOPERS
Scotiabank Centre
Corner of Duke &
Port Royal Streets
Kingston

ATTORNEYS-AT-LAW
BROCARD
Suite 1
32 Lady Musgrave Road
Kingston 5

DUNNCOX
48 Duke Street
Kingston

HART MUIRHEAD FATTA
2nd Floor
53 Knutsford Boulevard
Kingston 5

HYLTON & HYLTON
19 Norwood Avenue,
Kingston 5

MICHAEL HYLTON & ASSOCIATES
11A Oxford Road
Kingston 5

NICHOLSON PHILLIPS
22 Trafalgar Road
Kingston 10

PATTERSON MAIR HAMILTON
63-67 Knutsford
Boulevard
Kingston 5

BANKERS
BANK OF NOVA SCOTIA (JAMAICA) LIMITED
SCOTIABANK CENTRE
Corner of Duke & Port
Royal Streets
Kingston

FIRST CARIBBEAN INTERNATIONAL BANK (JAMAICA) LTD.
23 Knutsford Boulevard
Kingston 5

FIRST GLOBAL BANK
2 St. Lucia Avenue
Kingston 5

NATIONAL COMMERCIAL BANK JAMAICA LIMITED
The Atrium
32 Trafalgar Road
Kingston 10

*REGISTRAR & TRANSFER AGENT
KPMG REGULATORY & COMPLIANCE SERVICES
6 Duke Street
Kingston

CORPORATE SECRETARY
ANNA I. HARRY
KINGSTON WHARVES LIMITED
Kingport Building
Third Street
Newport West
Kingston 13
Tel: (876) 923-9211
Fax: (876) 923-5361

ADMINISTRATIVE OFFICES
KINGPORT BUILDING
Third Street
Newport West
Kingston 13, Jamaica
Tel: (876) 923-9211
Fax: (876) 923-5361

The engagement of KPMG Regulatory & Compliance Services as Registrar and Transfer Agent ended with effect from December 31, 2015. The Company is now represented in that capacity by Jamaica Central Securities Depository Limited who are located at 40 Harbour Street, Kingston, and who may be reached by telephone at 967-3271-4.

Kingston Wharves Limited

FINANCIAL STATEMENTS

31 December 2015

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31 December 2015

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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 55 to 121, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, and the accompanying financial statements of Kingston Wharves Limited standing alone, which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditor's 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

C.D.W. Maxwell E.A. Crawford P.E. Williams L.A. McKnight L.E. Augier A.K. Jain B.L. Scott B.J. Denning
G.A. Reece P.A. Williams R.S. Nathan

pwc

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

Opinion
In our opinion, the consolidated financial statements 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 Kingston Wharves Limited and its subsidiaries and the Kingston Wharves Limited standing alone as at 31 December 2015, 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
1 March 2016
Kingston, Jamaica

Group Statement of Comprehensive Income

Year ended 31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Revenue		4,672,884	3,819,691
Direct costs		(2,525,895)	(2,154,472)
Gross Profit		2,146,989	1,665,219
Other operating income	8	249,045	278,117
Administration expenses		(823,978)	(798,069)
Operating Profit		1,572,056	1,145,267
Finance costs	9	(162,718)	(224,151)
Profit before Income Tax		1,409,338	921,116
Income tax expense	10	(141,879)	(71,724)
Net Profit for Year		1,267,459	849,392
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		(142,142)	(84,667)
Deferred tax effect on re-measurements of post-employment benefits		13,731	7,196
De-recognition of revaluation surplus on disposal of property plant and equipment		(203,794)	-
Deferred tax effect on de-recognition of revaluation surplus		17,322	-
Surplus on revaluation of property, plant and equipment		-	3,627,886
Deferred tax effect on revaluation surplus		-	(288,584)
Effect of change in tax rate on deferred taxation on revaluation surplus		(45,329)	450,347
Total other comprehensive income, net of taxes		(360,212)	3,712,178
Total Comprehensive Income for Year		907,247	4,561,570
Net Profit Attributable to:			
Equity holders of the company	11	1,256,397	842,730
Non-controlling interest	12	11,062	6,662
		1,267,459	849,392
Total Comprehensive Income Attributable to:			
Equity holders of the company		896,185	4,554,908
Non-controlling interest	12	11,062	6,662
		907,247	4,561,570
Earnings per stock unit for profit attributable to the equity holders of the company during the year	13	$0.88	$0.59

Kingston Wharves Limited

Group Statement of Financial Position

31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	16,644,894	16,121,451
Intangible assets	16	322,849	367,921
Investments	18	84,346	-
Recoverable from The Port Authority of Jamaica	19	-	32,730
Due from related party	22	102,405	102,405
Deferred income tax assets	31	1,498	1,337
Retirement benefit asset	20	619,083	679,828
		17,775,075	17,305,672
Current Assets			
Inventories	21	203,049	187,420
Trade and other receivables	23	404,351	586,747
Taxation recoverable		9,200	11,752
Short term investments	24	2,687,739	1,747,912
Cash and bank	24	332,129	1,161,523
		3,636,468	3,695,354
Total Assets		21,411,543	21,001,026

Group Statement of Financial Position (Cont'd)

31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	25	2,079,398	2,079,398
Capital reserves	26	10,760,607	10,979,829
Asset replacement/rehabilitation and depreciation reserves	27	215,917	215,668
Retained earnings		4,440,974	3,683,366
		17,496,896	16,958,261
Non-controlling Interest	12	77,258	66,196
		17,574,154	17,024,457
LIABILITIES			
Non-current Liabilities			
Borrowings	28	1,095,836	1,490,542
Long term liability	30	29,785	84,510
Deferred income tax liabilities	31	1,111,131	1,110,748
Retirement benefit obligations	20	245,378	201,449
		2,482,130	2,887,249
Current Liabilities			
Trade and other payables	32	735,090	535,212
Taxation		76,339	31,768
Borrowings	28	447,037	437,830
Current portion of long term liability	30	96,793	84,510
		1,355,259	1,089,320
Total equity and liabilities		21,411,543	21,001,026

Approved for issue by the Board of Directors on 1 March 2016 and signed on its behalf by:

Jeffrey Hall — Chairman

Alvin Henry — Director

Kingston Wharves Limited

Group Statement of Changes in Equity

Year ended 31 December 2015 (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 2013		2,079,398	7,177,601	215,391	3,217,003	12,689,393	59,534	12,748,927
Total comprehensive income for the year		-	3,789,649	-	765,259	4,554,908	6,662	4,561,570
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	27	-	-	277	(277)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-	-	-
***Transactions with owners*:**								
Dividends	14	-	-	-	(286,040)	(286,040)	-	(286,040)
Balance at 31 December 2014		2,079,398	10,979,829	215,668	3,683,366	16,958,261	66,196	17,024,457
Total comprehensive income for the year		-	(231,801)	-	1,127,986	896,185	11,062	907,247
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	27	-	-	249	(249)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Dividends	14	-	-	-	(357,550)	(357,550)	-	(357,550)
Balance at 31 December 2015		2,079,398	10,760,607	215,917	4,440,974	17,496,896	77,258	17,574,154

Group Statement of Cash Flows

Year ended 31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Net profit		1,267,459	849,392
Adjustments for:			
Amortisation	16	82,570	66,137
Depreciation	15	407,817	362,381
Provision for impairment	15	15,000	-
Foreign exchange adjustment on loans		40,262	92,550
Foreign exchange gains on operating activities		(69,951)	(157,890)
Loss on disposal/write-off of property, plant and equipment		5,396	11,424
Retirement benefit asset		(57,460)	(88,614)
Retirement benefit obligations		19,992	(1,055)
Dividend received in kind	18	(84,346)	-
Interest income	8	(69,623)	(74,460)
Interest expense	9	122,456	131,601
Taxation	10	141,879	71,724
		1,821,451	1,263,190
Changes in operating assets and liabilities:			
Inventories		(15,629)	(40,143)
Trade and other receivables		176,795	23,725
Trade and other payables		85,978	193,380
Recoverable from The Port Authority of Jamaica		32,730	(32,730)
Cash provided by operations		2,101,325	1,407,422
Tax paid		(108,810)	(182,499)
Net cash provided by operating activities		1,992,515	1,224,923
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,164,916)	(916,715)
Purchase of intangible asset	16	(37,498)	(335,886)
Proceeds from sale of property, plant and equipment		9,466	656
Short term deposits with maturity greater than 90 days		191,676	(24,408)
Interest received		68,014	52,663
Net cash used in investing activities		(933,258)	(1,223,690)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(286,092)	(143,199)
Interest paid		(119,324)	(132,647)
Loans received		-	352,000
Loans repaid		(428,893)	(516,742)
Net cash used in financing activities		(834,309)	(440,588)
Net increase/(decrease) in cash and cash equivalents		224,948	(439,355)
Net cash and cash equivalents at beginning of year		2,703,074	2,977,946
Exchange adjustment on foreign currency cash and cash equivalents		77,161	164,483
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	24	3,005,183	2,703,074

Kingston Wharves Limited

Company Statement of Comprehensive Income

Year ended 31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Revenue		4,115,986	3,306,376
Direct expenses		(2,038,099)	(1,772,474)
Gross Profit		2,077,887	1,533,902
Other operating income	8	183,128	437,288
Administration expenses		(737,577)	(630,571)
Operating Profit		1,523,438	1,340,619
Finance costs	9	(168,248)	(230,896)
Profit before Income Tax		1,355,190	1,109,723
Income tax expense	10	(124,180)	(60,878)
Net Profit for Year		1,231,010	1,048,845
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefits		(142,142)	(84,667)
Deferred tax effect on re-measurements of post-employment benefits		13,731	7,196
De-recognition of revaluation surplus on disposal of property, plant and equipment		(203,794)	-
Deferred tax effect on de-recognition of revaluation surplus		17,322	-
Surplus on revaluation of property, plant and equipment		-	2,517,071
Deferred tax effect on revaluation surplus		-	(140,881)
Effect of change in tax rate on deferred taxation on revaluation surplus		(45,329)	450,347
Total other comprehensive income, net of taxes		(360,212)	2,749,066
Total Comprehensive Income for Year		870,798	3,797,911

Company Statement of Financial Position

31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	12,593,293	11,974,200
Intangible assets	16	322,849	367,921
Investments in subsidiaries	17	75,731	75,731
Investments	18	55,878	-
Recoverable from The Port Authority of Jamaica	19	-	32,730
Due from related party	22	102,405	102,405
Retirement benefit asset	20	619,083	679,828
		13,769,239	13,232,815
Current Assets			
Inventories	21	195,056	182,834
Trade and other receivables	23	323,156	484,286
Group companies	22	21,233	23,126
Short term investments	24	2,056,746	1,196,599
Cash and bank	24	253,949	1,105,080
		2,850,140	2,991,925
Total assets		16,619,379	16,224,740

Kingston Wharves Limited

Company Statement of Financial Position (Cont'd)

31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
EQUITY			
Stockholders' Equity			
Share capital	25	2,079,398	2,079,398
Capital reserves	26	6,612,630	6,831,852
Asset replacement/rehabilitation and depreciation reserves	27	212,968	212,968
Retained earnings		4,475,105	3,742,635
		13,380,101	12,866,853
LIABILITIES			
Non-current Liabilities			
Borrowings	28	1,094,384	1,489,090
Long term liability	30	29,785	84,510
Deferred income tax liabilities	31	492,339	470,070
Retirement benefit obligations	20	245,378	201,449
		1,861,886	2,245,119
Current Liabilities			
Trade and other payables	32	695,372	496,341
Group companies	22	74,138	73,011
Taxation payable		64,052	21,076
Borrowings	28	447,037	437,830
Current portion of long term liability	30	96,793	84,510
		1,377,392	1,112,768
Total equity and liabilities		16,619,379	16,224,740

Approved for issue by the Board of Directors on 1 March 2016 and signed on its behalf by:

Jeffrey Hall — Chairman

Alvin Henry — Director

Company Statement of Changes in Equity

Year ended 31 December 2015 (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 2013		2,079,398	3,992,736	212,968	3,069,880	9,354,982
Total comprehensive income for the year		-	2,826,537	-	971,374	3,797,911
Transfer to asset replacement/rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-
Transactions with owners:						
Dividends	14	-	-	-	(286,040)	(286,040)
Balance at 31 December 2014		2,079,398	6,831,852	212,968	3,742,635	12,866,853
Total comprehensive income for the year		-	(231,801)	-	1,102,599	870,798
Transfer to asset replacement/rehabilitation and depreciation reserves	27	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	27	-	12,579	(12,579)	-	-
Transactions with owners:						
Dividends	14	-	-	-	(357,550)	(357,550)
Balance at 31 December 2015		2,079,398	6,612,630	212,968	4,475,105	13,380,101

Kingston Wharves Limited

Company Statement of Cash Flows

Year ended 31 December 2015 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Net profit		1,231,010	1,048,845
Adjustments for:			
Amortisation	16	82,570	66,137
Depreciation	15	306,053	266,447
Provision for impairment	15	15,000	-
Foreign exchange adjustment on long term loans		40,262	92,550
Foreign exchange gains		(57,684)	(147,225)
Loss on disposal/write-off of property, plant and equipment		6,681	11,873
Retirement benefit asset		(57,460)	(88,614)
Retirement benefit obligations		19,992	(1,055)
Dividend received in kind		(55,878)	-
Interest income	8	(43,015)	(44,798)
Interest expense	9	127,986	138,346
Taxation	10	124,180	60,878
		1,739,697	1,403,384
Changes in operating assets and liabilities:			
Inventories		(12,222)	(42,656)
Group companies		(288)	(13,677)
Trade and other receivables		154,934	(9,955)
Trade and other payables		85,130	196,106
Recoverable from The Port Authority of Jamaica		32,730	(32,730)
Cash provided by operations		1,999,981	1,500,472
Tax paid		(73,211)	(169,602)
Net cash provided by operating activities		1,926,770	1,330,870
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(1,156,571)	(913,552)
Purchase of intangible asset	16	(37,498)	(335,886)
Proceeds from sale of property, plant and equipment		5,950	206
Short term deposits with maturity greater than 90 days		191,676	(206,361)
Interest received		42,001	45,149
Net cash used in investing activities		(954,442)	(1,410,444)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(286,092)	(143,199)
Interest paid		(121,545)	(134,249)
Loans received		-	352,000
Loans repaid		(428,893)	(540,510)
Net cash used in financing activities		(836,530)	(465,958)
Net decrease in cash and cash equivalents		135,798	(545,532)
Net cash and cash equivalents at beginning of year		2,062,418	2,454,132
Exchange adjustment on foreign currency cash and cash equivalents		64,894	153,818
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	24	2,263,110	2,062,418

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, logistics services, security services and the rental of and repairs to 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 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, amendments and interpretations to published standards effective in the current year
Certain new accounting standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has adopted the following which are relevant to its operations:

- **IAS 19 (Amendment), Employee Benefits,** (effective for annual periods beginning on or after 1 July 2014). This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual Improvements 2012 and 2013 (effective for annual periods beginning on or after 1 July 2014). The IASB issued its Annual Improvements to IFRS 2010 – 2012 and 2011 – 2013 cycles amending a number of standards, the following of which are relevant to the Group.

- The amendments to *IFRS 13, 'Fair Value Measurement'* clarified that short-term receivables and payables may be measured at invoice amounts where the impact of discounting is immaterial. They also clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

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

Annual Improvements (continued)

- *IAS 16, 'Property, Plant and Equipment,'* and *IAS 38, 'Intangible Assets'* were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to the revalued amount. The split between gross carrying amount and accumulated depreciation is treated in one of the following ways: either the gross carrying amount is restated in a manner consistent with the revaluation of the carrying amount, and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses; or the accumulated depreciation is eliminated against the gross carrying amount of the asset.
- *IAS 24, 'Related Party Disclosures'*, was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The adoption of these amendments effective 1 January 2015 did not have any significant impact on the Group's financial statements.

Standards, amendments and interpretations to existing standards that the Group has not yet adopted

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretations to existing standards have been issued which are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, but were not effective for the current period, 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.

- **Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative** (effective for annual periods beginning on or after 1 January 2016)**.** The amendments do not require specific changes. However, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. Preparers should consider their financial statements in light of these clarifications and whether there is an opportunity to clarify or improve the disclosure. The order of the notes needs to balance understandability and comparability and changes should generally result from a specific change in facts and circumstances.

- **Amendments to IAS 27, 'Separate financial statements' on equity method**, (effective for annual periods beginning on or after 1 January 2016). These amendments allow entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- **IFRS 15, Revenue from contracts with customers** (effective 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)
Standards, amendments and interpretations to existing standards that the Group has not yet adopted (continued)

- **IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2018). 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.

- ***IFRS 16, 'Leases'***, (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

- ***Amendments to IAS 12, 'Income Taxes***, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 12 clarifying specifically how to account for deferred tax assets related to debt instruments measured at fair value as well as clarifying the guidance for deferred tax assets in general by adding examples and elaborating on some of the requirements in more detail. The amendments do not change the underlying principles for the recognition of deferred tax assets.

- ***Amendments to IAS 7, 'Statement of Cash Flows'***, (effective for annual periods beginning on or after 1 January 2017). In January 2016, the IASB published amendments to IAS 7 to improve information about an entity's financing activities. These amendments are as part of the IASB initiative to improve presentation and disclosure in financial reports. The amendments require disclosure of information enabling users to evaluate changes in liabilities arising from financing activities including both cash and non-cash changes. The future adoption of these amendments will result in additional disclosure in the financial statements

- ***Annual Improvements 2014***, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards.
  - IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

  - The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7.

  - The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise.

There are no other standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a significant impact on the operations of the Group.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated 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 carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in 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.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

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.

2. Summary of Significant Accounting Policies (Continued)

(b) Consolidation (Continued)
Subsidiaries (continued)

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

Subsidiaries	Principal Activities	Holding by Parent	Holding by Group	Financial Year End
Trading				
Harbour Cold Stores Limited	Rental of and repair services to cold storage facilities	100%	100%	31 December
Security Administrators Limited	Security services	33 ⅓%	66 ⅔%	31 December
Western Storage Limited	Property rental	100%	100%	31 December
Western Terminals Limited	Property rental	100%	100%	31 December
Non-Trading				
Kingston Terminal Operators Limited	Dormant	100%	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. The carrying amount of the replaced part is derecognised. All other 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 statement of financial position 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 assets

Separately acquired rights and benefits under third party contracts with a finite useful life are shown at historical cost less subsequent amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the rights and benefits over their estimated useful lives of two to ten years.

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 largely independent cash flows. Non-financial assets that suffer impairment are reviewed for possible reversal of the impairment at each statement of financial position 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. Foreign exchange gains and losses that relate to borrowings are presented in profit or loss with 'finance costs'.

(h) 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. 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 in profit or loss.

(i) Investments in subsidiaries

Investments by the company in subsidiaries are stated at cost.

2. Summary of Significant Accounting Policies (Continued)

(j) 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.

(k) 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.

(l) 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.

(m) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) 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.

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

(o) 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. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

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.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

(p) 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.

2. Summary of Significant Accounting Policies (Continued)

(q) 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

(r) Employee benefits

Pension obligations

The Group participates in two retirement plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are funded by payments from employees and by the Group, taking into account the recommendations of qualified actuaries. The Group has a defined benefit and a defined contribution plan.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. 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 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in the income statement.

The Group, through a subsidiary, also participates in a defined contribution plan whereby it pays contributions to a privately administered pension plan which is administered by trustees. Once the contributions have been paid, the subsidiary has no further payment obligations. The contributions are charged to the income statement in the period to which they relate.

Other retirement obligations

The Group provides post-employment health care and life insurance benefits to its retirees. The entitlement to these benefits is usually conditional 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 defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. Summary of Significant Accounting Policies (Continued)

(s) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in 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 statement of financial position date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(t) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Taxation

The tax expense comprises current and deferred income taxes. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

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)

(v) Investments and other 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 and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets

The Group classifies its financial assets as loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition. Loans and receivables are subsequently carried at amortised cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets and comprise recoverable from The Port Authority of Jamaica in the statement of financial position. Loans and receivables included in current assets comprise trade and other receivables, group balances, cash and short-term investments in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date, in which case, they are included in current assets. Balances classified as available-for-sale include unquoted equity securities.

Gains and losses arising from changes in the fair value are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains or losses from investment securities included in other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income when the Group's right to receive payments is established.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. Summary of Significant Accounting Policies (Continued)

(v) Investments and other financial instruments (continued)

Impairment of financial assets (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

If there is objective evidence of impairment of available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in the subsequent year.

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 statement of financial position.

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 a party to a financial instrument fails to discharge an obligation and causes the Group 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 choice of financial institution is based primarily on its high asset base, stability over the years and its strong overseas connections. 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.

Worst case scenario of credit risk exposure

The worst case scenario of the Group's and Company's exposure to credit risk is as follows:

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Due from related party	102,405	102,405	102,405	102,405
Investments	84,346	-	55,878	-
Due from The Port Authority of Jamaica	-	32,730	-	32,730
Trade receivables	365,014	355,901	303,178	285,203
Other receivables	30,915	214,381	16,920	191,685
Group companies	-	-	21,233	23,126
Short term investments	2,687,739	1,747,912	2,056,746	1,196,599
Cash and bank	332,129	1,161,523	253,949	1,105,080
	3,602,548	3,614,852	2,810,309	2,936,828

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 2015, trade receivables of $106,697,000 (2014 - $140,120,000) for the Group and $93,922,000 (2014 - $126,325,000) 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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
31 - 60 days	83,149	77,387	74,421	72,156
Over 60 days	23,548	62,733	19,501	54,169
	106,697	140,120	93,922	126,325

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

As of 31 December 2015, trade receivables of $23,421,000 (2014 - $15,556,000) and $10,016,000 (2014 - $8,143,000) 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Over 60 days	23,421	15,556	10,016	8,143

Movement in the provision for impairment of receivables

Trade and other receivables

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

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At 1 January	15,556	14,541	8,143	6,402
Provision for impairment	10,246	5,327	4,234	5,271
Receivables written off during the year as uncollectible	-	(1,497)	-	(715)
Amounts recovered	(2,381)	(2,815)	(2,361)	(2,815)
At 31 December	23,421	15,556	10,016	8,143

In 2014, $662,000 of trade receivables was written off directly for the Group and company.

The movement in the provision for the year included $3,849,000 (2014 - $1,810,000) and $2,742,000 (2014 - $1,335,000) for the Group and company respectively for related companies. These amounts are included in bad debt expense in profit or loss.

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.

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Top ten customers	344,145	336,347	275,287	262,979
Other	44,290	35,110	37,907	30,367
	388,435	371,457	313,194	293,346
Less: Provision for impairment	(23,421)	(15,556)	(10,016)	(8,143)
	365,014	355,901	303,178	285,203

(ii) Short term investments
The Group's short term investments comprise cash on deposit held with financial institutions.

(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	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2015			
Borrowings	47,628	94,316	414,636	1,146,679	175,252	1,878,511
Long term liability	-	84,758	12,035	29,785	-	126,578
Trade and other payables	735,090	-	-	-	-	735,090
Total financial liabilities	782,718	179,074	426,671	1,176,464	175,252	2,740,179
			2014			
Borrowings	47,842	94,461	406,711	1,470,549	145,229	2,164,792
Long term liability	-	-	84,510	84,510	-	169,020
Trade and other payables	535,212	-	-	-	-	535,212
Total financial liabilities	583,054	94,461	491,221	1,555,059	145,229	2,869,024

	The Company					
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2015			
Borrowings	47,628	94,316	414,636	1,146,679	173,800	1,877,059
Long term liability	-	84,758	12,035	29,785	-	126,578
Trade and other payables	695,372	-	-	-	-	695,372
Group companies	74,138	-	-	-	-	74,138
Total financial liabilities	817,138	179,074	426,671	1,176,464	173,800	2,773,147
			2014			
Borrowings	47,842	94,461	406,711	1,470,549	143,777	2,163,340
Long term liability	-	-	84,510	84,510		169,020
Trade and other payables	496,341	-	-	-	-	496,341
Group companies	73,011	-	-	-	-	73,011
Total financial liabilities	617,194	94,461	491,221	1,555,059	143,777	2,901,712

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**
		2015	
Financial Assets			
Investments	84,346	-	84,346
Short term investments	1,139,733	1,548,006	2,687,739
Trade and other receivables	101,167	294,762	395,929
Cash and bank	170,756	161,373	332,129
Total financial assets	1,496,002	2,004,141	3,500,143
Financial Liabilities			
Borrowings	729,260	813,613	1,542,873
Long term liability	-	126,578	126,578
Trade and other payables	727,519	7,571	735,090
Total financial liabilities	1,456,779	947,762	2,404,541
Net financial position	39,223	1,056,379	1,095,602
		2014	
Financial Assets			
Recoverable from The PAJ	32,730	-	32,730
Short term investments	737,536	1,010,376	1,747,912
Trade and other receivables	294,930	275,352	570,282
Cash and bank	81,203	1,080,320	1,161,523
Total financial assets	1,146,399	2,366,048	3,512,447
Financial Liabilities			
Borrowings	869,553	1,058,819	1,928,372
Long term liability	-	169,020	169,020
Trade and other payables	526,104	9,108	535,212
Total financial liabilities	1,395,657	1,236,947	2,632,604
Net financial position	(249,258)	1,129,101	879,843

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**
		2015	
Financial Assets			
Investments	55,878	-	55,878
Short term investments	748,416	1,308,330	2,056,746
Trade and other receivables	25,336	294,762	320,098
Group companies	21,233	-	21,233
Cash and bank	153,768	100,181	253,949
Total financial assets	1,004,631	1,703,273	2,707,904
Financial Liabilities			
Borrowings	727,808	813,613	1,541,421
Long term liability	-	126,578	126,578
Trade and other payables	687,801	7,571	695,372
Group companies	74,138	-	74,138
Total financial liabilities	1,489,747	947,762	2,437,509
Net financial position	(485,116)	755,511	270,395
		2014	
Financial Assets			
Recoverable from The PAJ	32,730	-	32,730
Short term investments	391,847	804,752	1,196,599
Trade and other receivables	201,536	275,352	476,888
Group companies	23,126	-	23,126
Cash and bank	45,388	1,059,692	1,105,080
Total financial assets	694,627	2,139,796	2,834,423
Financial Liabilities			
Borrowings	868,101	1,058,819	1,926,920
Long term liability	-	169,020	169,020
Trade and other payables	487,233	9,108	496,341
Group companies	73,011	-	73,011
Total financial liabilities	1,428,345	1,236,947	2,665,292
Net financial position	(733,718)	902,849	169,131

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% (2014 - 1%) appreciation and a 8% (2014 - 10%) 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 direct impact on other comprehensive income or equity.

	Change in Currency Rate 2015 %	Effect on Profit before Taxation 2015 $'000	Change in Currency Rate 2014 %	Effect on Profit before Taxation 2014 $'000
		The Group		
Currency:				
USD	+1	10,564	+1	11,291
USD	-8	(84,510)	-10	(112,910)
		The Company		
USD	+1	7,555	+1	9,028
USD	-8	(60,441)	-10	(90,285)

(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
	2015						
Assets							
Investments	-	-	-	-	-	84,346	84,346
Short term investments	2,431,018	198,221	58,500	-	-	-	2,687,739
Trade and other receivables	-	-	-	-	-	395,929	395,929
Cash and bank	254,919	-	-	-	-	77,210	332,129
Total financial assets	2,685,937	198,221	58,500	-	-	557,485	3,500,143
Liabilities							
Borrowings	36,958	73,962	333,352	950,765	141,628	6,208	1,542,873
Long term liability	-	-	-	-	-	126,578	126,578
Trade and other payables	-	-	-	-	-	735,090	735,090
Total financial liabilities	36,958	73,962	333,352	950,765	141,628	867,876	2,404,541
Total interest repricing gap	2,648,979	124,259	(274,852)	(950,765)	(141,628)	(310,391)	1,095,602
	2014						
Assets							
Recoverable from The PAJ	-	-	-	-	-	32,730	32,730
Short term investments	1,224,994	316,557	206,361	-	-	-	1,747,912
Trade and other receivables	-	-	-	-	-	570,282	570,282
Cash and bank	138,898	-	-	-	-	1,022,625	1,161,523
Total financial assets	1,363,892	316,557	206,361	-	-	1,625,637	3,512,447
Liabilities							
Borrowings	38,895	78,055	341,020	1,323,941	143,367	3,094	1,928,372
Long term liability	-	-	-	-	-	169,020	169,020
Trade and other payables	-	-	-	-	-	535,212	535,212
Total financial liabilities	38,895	78,055	341,020	1,323,941	143,367	707,326	2,632,604
Total interest repricing gap	1,324,997	238,502	(134,659)	(1,323,941)	(143,367)	918,311	879,843

3. Financial Risk Management (Continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	The Company						
	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2015			
Assets							
Investments	-	-	-	-	-	55,878	55,878
Short term investments	2,008,240	48,506	-	-	-	-	2,056,746
Trade and other receivables	-	-	-	-	-	320,098	320,098
Group companies	-	-	-	-	-	21,233	21,233
Cash and bank	220,377	-	-	-	-	33,572	253,949
Total financial assets	2,228,617	48,506	-	-	-	430,781	2,707,904
Liabilities							
Borrowings	36,958	73,962	333,352	950,765	141,628	4,756	1,541,421
Long term liability	-	-	-	-	-	126,578	126,578
Trade and other payables	-	-	-	-	-	695,372	695,372
Group companies	-	-	-	-	-	74,138	74,138
Total financial liabilities	36,958	73,962	333,352	950,765	141,628	900,844	2,437,509
Total interest repricing gap	2,191,659	(25,456)	(333,352)	(950,765)	(141,628)	(470,063)	270,395
				2014			
Assets							
Recoverable from The PAJ	-	-	-	-	-	32,730	32,730
Short term investments	794,676	195,562	206,361	-	-	-	1,196,599
Trade and other receivables	-	-	-	-	-	476,888	476,888
Group companies	-	-	-	-	-	23,126	23,126
Cash and bank	130,995	-	-	-	-	974,085	1,105,080
Total financial assets	925,671	195,562	206,361	-	-	1,506,829	2,834,423
Liabilities							
Borrowings	38,895	78,055	341,020	1,323,941	143,367	1,642	1,926,920
Long term liability	-	-	-	-	-	169,020	169,020
Trade and other payables	-	-	-	-	-	496,341	496,341
Group companies	-	-	-	-	-	73,011	73,011
Total financial liabilities	38,895	78,055	341,020	1,323,941	143,367	740,014	2,665,292
Total interest repricing gap	886,776	117,507	(134,659)	(1,323,941)	(143,367)	766,815	169,131

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 direct impact on other comprehensive income or equity.

			The Group		The Company	
			Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation
			2015 $'000	2014 $'000	2015 $'000	2014 $'000
Change in basis points						
2015 JMD	2015 USD	2014 JMD	2014 USD			
+100	+100	+250	+200	(13,998)	(1,287)	(7,357)	(14,100)
-150	-50	-100	-50	12,395	687	5,114	5,134

(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 statement of financial position) less bank overdraft and interest payable. Total stockholders' equity is calculated as capital and reserves attributable to company's equity holders as shown in the consolidated statement of financial position.

3. Financial Risk Management (Continued)

(d) Capital management (continued)

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 $'000	2014 $'000
Total long term borrowings (Note 29)	1,538,117	1,926,748
Total stockholders' equity	17,496,896	16,958,261
Gearing ratio (%)	8.79%	11.36%

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

(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 statement of financial position 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.

Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. At the reporting date, the Group and company had only Level 3 financial instruments which are defined as:

- those with fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

  At 31 December 2015, instruments included within this level comprised available-for-sale unquoted equities which totalled $84,346,000 (2014 - nil) and $55,878,000 (2014 – nil) for the Group and company, respectively.

Valuation process

The Group has utilised the services of external experts to perform the valuation of the unlisted security to derive the price per share of the unquoted equities. The valuation was an asset based methodology with the main uplift in the assets relating to land and buildings which were originally carried at cost.

The main level 3 input used by the Group is the fair value of land and buildings which were increased by indexing to the CPI based on the last valuation performed ("the asset growth factor").

3. Financial Risk Management (Continued)

(e) Fair Value of Financial Instruments (continued)

Valuation inputs and relationships to fair value:

Description	Fair value at 31 December 2015	Un-observable inputs *	Range of inputs	Relationship of unobservable inputs to fair value
Unlisted equity securities	$84,346,000 and $55,878,000 for Group and company respectively	Asset growth factor	1.5% - 3.5%	Increased asset growth factor (+100 basis points (bps)) would increase the value per share by 0.5%; lower growth factor (-100 bps) would decrease the price per share by 0.5%. The impact of this on the FV of the equities for the Group and company is an increase/decrease of $386,000 and $278,000 respectively.

The following methods and assumptions have been used in determining fair values for instruments not re-measured at fair value after initial recognition

(i) The carrying values less any impairment provision 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 fair values of the long term receivables (due from related party and The Port Authority of Jamaica) could not be reliably determined as no reliable active market exists.

(iii) 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. Any changes in estimates of residual value will directly impact the depreciation charge.

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.

The company was granted free zone status in December 2013, resulting in an income tax rate which is variable and based on approved methodology, and which is 9.65% (2014 – 8.50%) (Note 10).

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 $39,169,000 lower or $30,591,000 higher (Note 20). 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 20).

5. Segment Financial Information

The Chief Executive Officer is the Group's chief operating decision maker (CODM). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The Group is organised into the following business segments:

(a) Terminal operations - Operation of public wharves and logistics facilities
(b) Cold storage operations - Rental of and repairs to 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 2015	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	4,107,717	91,283	473,884	-	-	4,672,884
Operating revenue from segments	8,269	1,200	60,340	1,940	(71,749)	-
Total revenue	4,115,986	92,483	534,224	1,940	(71,749)	4,672,884
Operating profit/(loss)	1,523,438	49,936	43,232	(38,451)	(6,099)	1,572,056
Interest expense	(127,986)	-	-	(569)	6,099	(122,456)
	1,395,452	49,936	43,232	(39,020)	-	1,449,600
Foreign exchange loss						(40,262)
Profit before income tax						1,409,338
Income tax expense						(141,879)
Profit before non-controlling interest						1,267,459
Non-controlling interest						(11,062)
Net profit attributable to equity holders of the company						1,256,397
Segment assets	16,000,296	982,743	274,277	3,701,219	(176,773)	20,781,762
Unallocated assets						629,781
Total assets						21,411,543
Segment liabilities	2,437,509	14,156	45,357	12,262	(104,743)	2,404,541
Unallocated liabilities						1,432,848
Total liabilities						3,837,389
Other segment items:						
Interest income (Note 8)	43,015	15,417	5,363	11,927	(6,099)	69,623
Capital expenditure (Note 15)	1,156,571	-	8,345	-	-	1,164,916
Capital expenditure (Note 16)	37,498	-	-	-	-	37,498
Amortisation (Note 16)	82,570	-	-	-	-	82,570
Depreciation and impairment (Note 15)	321,053	20,924	4,219	76,621	-	422,817

5. Segment Financial Information (Continued)

	Terminal Operations	Cold Storage Operations	Security Operations	Other	Eliminations	Group
Year ended 31 December 2014	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
External operating revenue	3,297,981	84,533	437,177	-	-	3,819,691
Operating revenue from segments	8,395	5,201	55,800	1,940	(71,336)	-
Total revenue	3,306,376	89,734	492,977	1,940	(71,336)	3,819,691
Operating profit/(loss)	1,340,619	43,659	26,289	(57,802)	(207,498)	1,145,267
Interest expense	(138,346)	-	-	(753)	7,498	(131,601)
	1,202,273	43,659	26,289	(58,555)	(200,000)	1,013,666
Foreign exchange loss						(92,550)
Profit before income tax						921,116
Income tax expense						(71,724)
Profit before non-controlling interest						849,392
Non-controlling interest						(6,662)
Net profit attributable to equity holders of the company						842,730
Segment assets	15,544,912	950,595	233,885	3,753,886	(175,169)	20,308,109
Unallocated assets	-	-	-	-	-	692,917
Total assets						21,001,026
Segment liabilities	2,665,292	9,548	45,871	15,031	(103,138)	2,632,604
Unallocated liabilities	-	-	-	-	-	1,343,965
Total liabilities						3,976,569
Other segment items:						
Interest income (Note 8)	44,798	19,282	4,505	13,370	(7,495)	74,460
Capital expenditure (Note 15)	913,552	-	3,163	-	-	916,715
Capital expenditure (Note 16)	335,886	-	-	-	-	335,886
Amortisation (Note 16)	66,137	-	-	-	-	66,137
Depreciation and impairment (Note 15)	266,447	20,191	4,862	70,881	-	362,381

Revenues of approximately $1,510,768,000 (2014 – $1,351,084,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Advertising and public relations	28,308	23,356	26,970	21,924
Amortisation (Note 16)	82,570	66,137	82,570	66,137
Auditors' remuneration	13,788	12,370	8,961	7,861
Bad debts	7,865	3,279	1,873	3,739
Bank charges	28,684	27,804	28,390	27,586
Claims	8,386	16,105	8,393	16,098
Cleaning and sanitation	22,400	17,751	22,338	17,751
Customs overtime	35,008	37,192	35,008	37,192
Depreciation (Note 15)	407,817	362,381	306,053	266,447
Directors' fees	17,425	24,777	16,488	24,328
Equipment rental	103,693	75,262	103,693	75,262
Fuel	135,835	133,194	135,835	133,194
Information technology	102,625	71,987	101,930	70,340
Insurance	152,447	159,424	139,352	144,049
Irrecoverable General Consumption Tax	8,737	50,829	4,006	46,107
Legal and consultation expenses	44,782	33,202	43,552	30,819
Occupancy: property taxes and rent	11,983	9,883	11,119	9,936
Provision for impairment of PPE (Note 15)	15,000	-	15,000	-
Repairs and maintenance	283,123	222,120	281,529	207,044
Security	80,672	39,016	58,526	52,934
Staff costs (Note 7)	1,369,265	1,212,640	984,745	824,082
Terminal transfers	48,803	47,852	48,803	47,852
Utilities	192,082	206,604	186,943	200,906
Other	148,575	99,376	123,599	71,457
	3,349,873	2,952,541	2,775,676	2,403,045

7. Staff Costs

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Wages and salaries	1,086,662	941,451	771,130	622,289
Payroll taxes – employer's contributions	119,875	105,207	84,363	68,376
Pension costs – defined benefit plan (Note 20)	(29,954)	(64,166)	(29,954)	(64,166)
Pension costs – defined contribution plan	6,240	6,615	-	-
Other retirement benefits (Note 20)	28,549	9,576	28,549	9,576
Meal and travelling allowances	64,233	58,709	52,818	54,400
Termination costs	282	71,063	282	71,063
Other	93,378	84,185	77,557	62,544
	1,369,265	1,212,640	984,745	824,082

8. Other Operating Income

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Dividends	84,346	-	55,879	200,000
Interest	69,623	74,460	43,015	44,798
Bad debts recovered	-	621	-	621
Foreign exchange gains	69,951	157,890	57,684	147,225
Management fees	-	-	2,500	-
Proceeds from insurance claims	21,932	19,252	21,932	19,252
Termination costs recoverable from The PAJ	-	32,730	-	32,730
Other	3,193	(6,836)	2,118	(7,338)
	249,045	278,117	183,128	437,288

9. Finance Costs

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Interest expense	122,456	131,601	127,986	138,346
Foreign exchange losses	40,262	92,550	40,262	92,550
	162,718	224,151	168,248	230,896

10. Income Tax Expense

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Current tax on profit for the year	167,877	91,753	128,131	64,787
Prior year over provision	(11,944)	-	(11,944)	-
Deferred income tax (Note 31)	(14,054)	(20,029)	7,993	(3,909)
	141,879	71,724	124,180	60,878

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 9.65% (2014 – 8.50%) as follows:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Profit before tax	1,409,338	921,116	1,355,190	1,109,723
Tax calculated at a tax rate of 9.65% (2014 – 8.50%)	136,001	78,295	130,776	94,326
Adjusted for the effects of:				
Income not subject to tax	(12,509)	-	(5,392)	(17,000)
Income taxed at higher rate	8,311	2,843	-	-
Expenses not deductible for tax purposes	9,477	16,992	390	8,841
Change in rate for deferred income taxes	18,821	(31,400)	18,821	(31,400)
Prior year over provision	(11,944)	-	(11,944)	-
Other	(6,278)	4,994	(8,471)	6,111
Income tax expense	141,879	71,724	124,180	60,878

The company was granted free zone status under the Jamaica Export Free Zones Act effective December 2013, resulting in income tax being charged on applicable profits at zero for export activities and 25% for non-export activities. This resulted in an effective statutory rate of 9.65% (2014 – 8.50%). This rate has also been applied in determining the amounts for deferred taxation for the company in these financial statements (Note 31).

11. Profit Attributable to Equity Holders of the Company

	2015 $'000	2014 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	1,231,010	1,048,845
Inter-group dividends from subsidiaries eliminated on consolidation	-	(200,000)
Adjusted net profit – holding company	1,231,010	848,845
Subsidiaries	25,387	(6,115)
	1,256,397	842,730
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	4,475,105	3,742,635
Subsidiaries	(34,131)	(59,269)
	4,440,974	3,683,366

12. Non-controlling Interest

	2015 $'000	2014 $'000
At beginning of year	66,196	59,534
Share of net profit of subsidiary	11,062	6,662
	77,258	66,196

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.

	2015	2014
Net profit attributable to equity holders of the company ($'000)	1,256,397	842,730
Number of ordinary stock units in issue (thousands)	1,430,200	1,430,200
Basic earnings per stock unit	$0.88	$0.59

14. Dividends

During the year, the company declared dividends to registered holders on record as follows.

	2015 $'000	2014 $'000
Ordinary dividends, gross - 25 cents (2014 – 20 cents)	357,550	286,040

In November 2015, the company declared a dividend of 15 cents per share which is payable on 20 January 2016 to shareholders on record in 3 December 2015 (Notes 32 and 35) which is included in the total dividend above.

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
	2015							
Cost or Valuation -								
At 31 December 2014	4,697,005	16,684,829	1,886,406	267,404	378,473	176,523	221,200	24,311,840
Additions	-	18,218	34,548	-	5,755	21,504	1,084,891	1,164,916
Transfers	34,766	29,262	465,639	-	752	-	(530,419)	-
Disposals	-	(681,359)	(1,417)	-	(792)	(7,222)	-	(690,790)
At 31 December 2015	4,731,771	16,050,950	2,385,176	267,404	384,188	190,805	775,672	24,785,966
Depreciation -								
At 31 December 2014	-	6,963,649	635,192	249,514	260,337	81,697	-	8,190,389
Charge for the year	-	277,354	85,839	9,806	16,004	18,814	-	407,817
Provision for impairment	-	-	9,000	-	6,000	-	-	15,000
Relieved on disposals	-	(465,726)	(1,134)	-	-	(5,274)	-	(472,134)
At 31 December 2015	-	6,775,277	728,897	259,320	282,341	95,237	-	8,141,072
Net Book Value -								
At 31 December 2015	4,731,771	9,275,673	1,656,279	8,084	101,847	95,568	775,672	16,644,894
	2014							
Cost or Valuation -								
At 31 December 2013	3,178,153	12,496,848	1,852,120	267,404	345,214	168,218	116,454	18,424,411
Additions	-	36,117	44,282	-	12,817	10,842	812,657	916,715
Transfers	139,208	502,907	19,312	-	20,442	-	(707,911)	(26,042)
Revaluation	1,379,644	3,648,957	-	-	-	-	-	5,028,601
Disposals	-	-	(29,308)	-	-	(2,537)	-	(31,845)
At 31 December 2014	4,697,005	16,684,829	1,886,406	267,404	378,473	176,523	221,200	24,311,840
Depreciation -								
At 31 December 2013	-	5,331,930	559,952	240,443	244,624	65,662	-	6,442,611
Charge for the year	-	231,004	88,022	9,071	15,713	18,571	-	362,381
On revaluation	-	1,400,715	-	-	-	-	-	1,400,715
Relieved on disposals	-	-	(12,782)	-	-	(2,536)	-	(15,318)
At 31 December 2014	-	6,963,649	635,192	249,514	260,337	81,697	-	8,190,389
Net Book Value -								
At 31 December 2014	4,697,005	9,721,180	1,251,214	17,890	118,136	94,826	221,200	16,121,451

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
	2015							
Cost or Valuation -								
At 31 December 2014	3,090,005	11,255,242	1,859,137	19,137	365,497	159,790	221,200	16,970,008
Additions	-	18,047	32,186	-	5,346	16,101	1,084,891	1,156,571
Transfers	34,766	29,262	465,639	-	752	-	(530,419)	-
Disposals	-	(681,359)	-	-	(792)	(1,080)	-	(683,231)
At 31 December 2015	3,124,771	10,621,192	2,356,962	19,137	370,803	174,811	775,672	17,443,348
Depreciation -								
At 31 December 2014	-	4,057,834	606,379	11,552	250,119	69,924	-	4,995,808
Charge for the year	-	188,661	83,444	1,271	15,369	17,308	-	306,053
Provision for impairment	-	-	9,000	-	6,000	-	-	15,000
Relieved on disposal	-	(465,726)	-	-	-	(1,080)	-	(466,806)
At 31 December 2015	-	3,780,769	698,823	12,823	271,488	86,152	-	4,850,055
Net Book Value -								
At 31 December 2015	3,124,771	6,840,423	1,658,139	6,314	99,315	88,659	775,672	12,593,293
	2014							
Cost or Valuation -								
At 31 December 2013	2,091,153	8,217,341	1,825,941	19,137	332,503	150,748	116,454	12,753,277
Additions	-	36,109	43,192	-	12,552	9,042	812,657	913,552
Transfers	139,208	502,907	19,312	-	20,442	-	(707,911)	(26,042)
Revaluation	859,644	2,498,885	-	-	-	-	-	3,358,529
Disposals	-	-	(29,308)	-	-	-	-	(29,308)
At 31 December 2014	3,090,005	11,255,242	1,859,137	19,137	365,497	159,790	221,200	16,970,008
Depreciation -								
At 31 December 2013	-	3,067,004	534,337	10,281	235,105	53,958	-	3,900,685
Charge for the year	-	149,372	84,824	1,271	15,014	15,966	-	266,447
On revaluation	-	841,458	-	-	-	-	-	841,458
Relieved on disposal	-	-	(12,782)	-	-	-	-	(12,782)
At 31 December 2014	-	4,057,834	606,379	11,552	250,119	69,924	-	4,995,808
Net Book Value -								
At 31 December 2014	3,090,005	7,197,408	1,252,758	7,585	115,378	89,866	221,200	11,974,200

15. Property, Plant and Equipment (Continued)

(a) Freehold land of the Group was revalued as at 31 December 2014 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 2014 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 26).

The property, plant and equipment that, subsequent to initial recognition, are measured at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable. The levels are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The items of property, plant and equipment of the Group and the company shown at revalued amounts are included in Level 2 and 3. There were no transfers between levels. The following tables disclose the Group and company's non-financial assets carried at fair value:

		The Group		
		Fair Value measurements as at 31 December 2015 using		
Categories	**Date of revaluation**	**Quoted price in an active market**	**Significant other observable inputs (Level 2) $'000**	**Significant other observable inputs (Level 3) $'000**
Freehold Land	Dec-14	-	4,731,771	-
Plant and Buildings	Dec-14	-	-	9,275,673
Total		-	4,731,771	9,275,673
		The Company		
Freehold Land	Dec-14	-	3,124,771	-
Plant and Buildings	Dec-14	-	-	6,840,423
Total		-	3,124,771	6,840,423

15. Property, Plant and Equipment (Continued)

(a) continued

Level 2 fair values of land have been derived using the sales comparison approach and is comparable to sales of properties in close proximity and are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot. The valuation techniques for Level 3 fair values of plant and buildings are disclosed in the tables below.

The valuation technique for Level 3 uses the current construction replacement cost (depreciable replacement cost) approach of the assets based on current rates for labour, material and contractors charges. It is also based on the location, age and condition of the plant and buildings.

Fair Value Measurements using significant unobservable inputs (Level 3)

	Group	Company
	Plant & Buildings	**Plant & Buildings**
	$'000	**$'000**
Opening balance at valuation	9,721,180	7,197,408
Additions	47,480	47,309
Disposals net of accumulated depreciation	(215,633)	(215,633)
Depreciation through profit or loss	(277,354)	(188,661)
Closing Balance	9,275,673	6,840,423

The Group

Description	Fair value at December 2015 $'000	Valuation Technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value 2015 $'000
Plant and Building	9,275,673	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would higher by $10,972 and lower by $9,854.

15. Property, Plant and Equipment (Continued)

(a) continued

The Company					
	Fair value at December 2015 $'000	**Valuation Technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2015 $'000**
Plant and Building	6,840,423	Depreciable Replacement Cost method	Labour, material and contractor's charges	None noted	The higher the cost of labour, material and contractors' charges, the higher the replacement cost
			Remaining useful lives	1 year	If the estimates for the useful lives of the assets were higher or lower by one year, the value would higher by $6,863 and lower by $6,147.

(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 $1,040 million over certain premises and equipment owned by the company in keeping with the terms of certain loan agreements (Note 29).

(c) During the year, the company commenced a physical inspection of certain classes of assets. Arising from this exercise, a provision for impairment of $15 million was recorded in respect of certain assets. The inspection exercise will continue in 2016.

(d) The disposal of items of property, plant and equipment mainly comprise the demolition of a warehouse.

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

	The Group		The Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cost	4,826,372	4,769,011	4,725,568	4,668,208
Accumulated depreciation	(806,795)	(800,084)	(785,785)	(781,286)
Net book value	4,019,577	3,968,927	3,939,783	3,886,922

16. Intangible Assets

	The Group and Company		
	Computer Software $'000	Rights to Customer Contracts $'000	Total $'000
At Cost -			
At 31 December 2013	7,553	104,558	112,111
Additions	16,777	319,109	335,886
At 31 December 2014	24,330	423,667	447,997
Additions	746	36,752	37,498
At 31 December 2015	25,076	460,419	485,495
Amortisation -			
At 31 December 2013	5,226	8,713	13,939
Amortisation charge for year	2,496	63,641	66,137
At 31 December 2014	7,722	72,354	80,076
Amortisation charge for year	3,699	78,871	82,570
At 31 December 2015	11,421	151,225	162,646
Net Book Value -			
31 December 2015	13,655	309,194	322,849
31 December 2014	16,608	351,313	367,921

The additions to 'Rights to Customer Contracts' during the year, related to the acquisition by Group of the stevedoring contracts of an operator at Port Bustamante. The amortisation period for the related contract is two years. Previously acquired contracts are amortised over ten and five years', respectively.

The total amortisation charge is included in direct expenses in profit or loss.

17. Investments in Subsidiaries

	2015 $'000	2014 $'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. Investments

Investments comprise available-for-sale unquoted equities. Investments represent a non-recurring asset distribution in the form of shares issued to the Group. They have been recorded as investments and have been deemed as dividend in kind and accounted for in the statement of comprehensive income.

19. Recoverable from the Port Authority of Jamaica

The Port Authority of Jamaica (PAJ) 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.

The prior year recoverable from the PAJ of $32,730,000 represents the amount due to be offset against wharfage reserves.

	The Group and Company	
	2015 $'000	**2014 $'000**
Balance at 1 January	32,730	-
Allocation of 16% of wharfage collections	(32,730)	-
Severance payments	-	32,730
	-	32,730
This comprises:		
Severance payments	-	32,730

20. Retirement Benefit Asset and Obligations

	The Group and Company	
	2015 $'000	2014 $'000
Statement of financial position (asset)/obligations for:		
Pension benefits	(619,083)	(679,828)
Other retirement benefits	245,378	201,449
Profit or loss for (Note 7):		
Pension benefits	(29,954)	(64,166)
Other retirement benefits	28,549	9,576
Remeasurements for:		
Pension benefits	118,205	62,107
Other retirement benefits	23,937	22,560
	142,142	84,667

(a) Pension benefits

The Group has established two pension schemes covering all permanent employees, a defined benefit plan and a defined contribution plan. The assets of the funded plans are held independently of the Group's assets in separate trustee administered funds.

Defined benefit plan

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 three years preceding retirement. The scheme is funded by employee contributions at 5% and employer contribution of 10% of salary, as recommended by independent actuaries. Members may also make voluntary contribution of up to 5% of their earnings.

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 2015.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation being as at 31 December 2011 revealed that the scheme was adequately funded as at that date. The valuation as at 31 December 2014 has not been finalized; however the draft report indicates that the pension plan is adequately funded.

Defined contribution plan

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.

20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

The defined benefit asset amounts recognised in the statement of financial position are determined as follows:

	The Group and Company	
	2015 $'000	2014 $'000
Fair value of plan assets	(2,166,696)	(1,824,731)
Present value of funded obligations	1,547,613	1,144,903
Surplus of funded plan	(619,083)	(679,828)
Limitation of asset due to uncertainty of obtaining economic benefits	-	-
Asset in the statement of financial position	(619,083)	(679,828)

Movements in the amounts recognised in the statement of financial position:

	The Group and Company	
	2015 $'000	2014 $'000
Asset at beginning of year	(679,828)	(653,321)
Amounts recognised in statement of comprehensive income	88,251	(2,059)
Contributions paid	(27,506)	(24,448)
Asset at end of year	(619,083)	(679,828)

The movement in the defined benefit asset recognised in the statement of financial position is as follows:

	The Group and Company	
	2015 $'000	2014 $'000
Balance at beginning of year	(1,824,731)	(1,713,046)
Interest income	(169,530)	(158,761)
Re-measurements -		
Return on plan assets, excluding amounts included in interest expense	(252,844)	(36,684)
Members' contributions	(25,188)	(21,887)
Employer's contributions	(27,506)	(24,448)
Benefits paid	133,103	130,095
Balance at end of year	(2,166,696)	(1,824,731)

20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

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

	The Group and Company	
	2015 $'000	2014 $'000
Balance at beginning of year	1,144,903	1,048,612
Current service cost	45,975	35,904
Past service cost	-	15,934
Interest cost	107,354	94,222
Re-measurements -		
Loss from change in financial assumptions	168,925	42,294
Loss from change in demographic assumptions	-	68,718
Loss/(gain) from change in experience assumptions	202,124	(52)
Members' contributions	11,435	9,663
Benefits paid	(133,103)	(130,095)
Gain on curtailment	-	(40,297)
Balance at end of year	1,547,613	1,144,903

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $778,336,000 relating to active employees, $44,053,000 relating to deferred members, $720,509,000 relating to members in retirement and $4,715,000 representing other liabilities.

The movement on the effect of asset ceiling during the year is as follows:

	The Group and Company	
	2015 $'000	2014 $'000
Balance at beginning of year	-	11,113
Interest expense	-	1,056
Change in asset ceiling, excluding amounts included in interest expense	-	(12,169)
	-	-

The amounts recognised in profit or loss are as follows:

	The Group and Company	
	2015 $'000	2014 $'000
Current service cost	32,222	23,680
Interest income	(62,176)	(63,483)
Past service cost	-	15,934
Gain on curtailment	-	(40,297)
Total, included in staff costs (Note 7)	(29,954)	(64,166)

20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Plan assets are comprised as follows:

	The Group and Company			
	2015		2014	
	$'000	%	$'000	%
Quoted securities:				
Equity securities	672,837	31.1	362,229	19.9
Government of Jamaica securities	1,084,012	50.0	1,082,816	59.3
Corporate bonds and promissory notes	108,631	5.0	106,217	5.8
Repurchase agreements	43,992	2.0	90,661	5.0
Leases	16,065	0.7	22,582	1.2
Real estate	97,050	4.5	85,000	4.7
Other	144,109	6.7	75,226	4.1
	2,166,696	100.0	1,824,731	100

The pension plan assets include ordinary stock units of the company with a fair value of $110,000,000 (2014 - $60,000,000).

Expected contributions to the post-employment plan for the year ending 31 December 2016 are $14.9 million.

The significant actuarial assumptions used were as follows:

	2015	2014
Discount rate	8.50%	9.50%
Future salary increases	5.50%	6.00%
Expected pension increase	4.00%	4.00%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(183,786)	233,473
Future salary increases	1%	31,806	(29,324)
Expected pension increase	1%	179,493	(147,576)
Life expectancy	1%	27,481	(26,712)

20. Retirement Benefit Asset and Obligations (Continued)

(a) Pension benefits (continued)

Sensitivity (continued):

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(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 7% per year (2014 – 7.5%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 5.5% per year (2014 – 6.0%).

The amounts recognised in the statement of financial position were determined as follows:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Present value of unfunded obligations	245,378	201,449

Movement in the amounts recognised in the statement of financial position:

	The Group and Company	
	2015	**2014**
	$'000	**$'000**
Liability at beginning of year	201,449	179,944
Amounts recognised in the statement of comprehensive income	52,486	32,136
Contributions paid	(8,557)	(10,631)
Liability at end of year	245,378	201,449

20. Retirement Benefit Asset and Obligations (Continued)

(b) Other retirement benefits (continued)

The movement in the present value of the defined benefit obligation over the year is as follows:

	The Group and Company	
	2015 $'000	2014 $'000
Balance at beginning of year	201,449	179,944
Current service cost	8,966	7,219
Interest cost	19,583	16,215
Gain on curtailment	-	(13,858)
Included in staff costs in profit or loss (Note 7)	28,549	9,576
Re-measurements -		
Loss from change in financial assumptions	23,937	443
Loss from change in demographic assumptions	-	18,180
Experience losses	-	3,937
Total, included in other comprehensive income	23,937	22,560
Benefits paid	(8,557)	(10,631)
Balance at end of year	245,378	201,449

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on Post-employment Obligations - Life		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Discount rate	1%	(2,617)	3,158
Future salary increases	1%	878	(795)

	Impact on Post-employment Obligations - Medical		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Discount rate	1%	(30,591)	39,169
Future medical cost rate	1%	39,169	(30,591)

20. Retirement Benefit Asset and Obligations (Continued)

(c) Risks associated with pension plans and other post-employment plans

Through its defined benefit pension plans and post-employment medical plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the trustees intends to reduce the level of investment risk by investing more in assets that better match the liabilities. The Government bonds largely represent investments in Government of Jamaica securities.

However, the company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the company's long term strategy to manage the plans efficiently. See below for more details on the company's asset-liability matching strategy.

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities. The majority of the plan's assets are unaffected by fixed interest bonds, meaning that an increase in inflation will reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The company has not changed the processes used to manage its risks from previous periods. The company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2015 consists of bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate is 5% of pensionable salaries for the employees and 10% for the company. The next triennial valuation is due to be completed as at 31 December 2017. The company considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

20. Retirement Benefit Asset and Obligations (Continued)

(c) Risks associated with pension plans and other post-employment plans (continued)
Life expectancy (continued)

The weighted average duration of the defined benefit obligation for pension scheme is 15 years.

The weighted average duration of the defined benefit obligation for post employment medical and life insurance benefits is 16 years.

21. Inventories

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fuel	3,972	3,126	3,972	3,126
Operating supplies	199,077	184,294	191,084	179,708
	203,049	187,420	195,056	182,834

22. 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:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(i) Revenue earned from sales of services				
Subsidiaries	-	-	8,268	4,851
Companies controlled by directors/members or related by virtue of common directorships	2,042,211	1,619,374	1,656,556	1,473,071
	2,042,211	1,619,374	1,664,824	1,477,922

Services provided to related parties are negotiated, as with non-related party customers, and are all at arms length.

(ii) Other income - dividends				
Subsidiaries	-	-	-	200,000
(iii) Purchases of goods and services				
Subsidiaries	-	-	63,961	55,789
Companies controlled by directors/members related by virtue of common directorships	265,484	144,408	264,842	121,021
	265,484	144,408	328,803	176,810

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

(iv) Interest paid				
Subsidiaries	-	-	3,308	6,756

22. Related Party Transactions and Balances (Continued)

(b) Year-end balances with related parties:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
(i) Due from related companies				
Subsidiaries	-	-	21,233	23,126
Companies controlled by directors/members or related by virtue of common directorships				
Long term	102,405	102,405	102,405	102,405
Current (Note 23)	199,134	225,935	160,705	225,506
	301,539	328,340	284,343	351,037

The long term amount receivable from a related company is interest free and has no fixed repayment terms. Management has however represented that the loan will not be called within the next twelve months.

Provisions of $7,234,000 (2014 - $5,141,000) and $5,652,000 (2014 - $4,666,000) for the Group and company respectively are held against current accounts receivable from related parties.

(ii) Due to related companies				
Subsidiaries	-	-	74,138	73,011
Companies controlled by directors/members and related by virtue of common directorships (Note 32)	53,313	75,261	50,446	53,792
	53,313	75,261	124,584	126,803

Included in the amount due to subsidiaries is $32,900,000 (2014 - $32,900,000), representing funds being held on deposit for a subsidiary (Note 24).

(iii) Bank balances				
Companies controlled by directors/members or related by virtue of common directorships	11,310	4,198	11,310	4,198

The bank balances with related parties are interest free based on the type of accounts held.

(iv) Borrowings				
Companies controlled by directors/members or related by virtue of common directorships – long term loans	51,296	68,233	51,296	65,301

22. Related Party Transactions and Balances (Continued)

(c) Key management compensation:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Salaries and other short term employee benefits	75,107	60,426	66,189	52,789
Payroll taxes – employer's contributions	5,241	3,412	4,298	2,846
Pension benefits	4,273	3,489	3,332	2,673
Other	4,188	4,284	4,188	3,328
	88,809	71,611	78,007	61,636
Directors' emoluments –				
Fees				
Current year	17,425	24,777	16,488	24,328
Management remuneration (included in salaries above)	33,918	24,985	33,918	24,985

23. Trade and Other Receivables

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade receivables	388,435	371,457	313,194	293,346
Less: Provision for impairment	(23,421)	(15,556)	(10,016)	(8,143)
	365,014	355,901	303,178	285,203
Prepayments	8,422	16,465	3,058	7,398
Other	30,915	214,381	16,920	191,685
	404,351	586,747	323,156	484,286

Trade receivables include amounts receivable from related parties (Note 22). The fair values for trade and other receivables approximates the carrying values.

24. Cash and Cash Equivalents

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Short term investments - deposits	2,687,739	1,747,912	2,056,746	1,196,599
Less : Short term investments with maturity periods in excess of 90 days	(14,685)	(206,361)	(14,685)	(206,361)
Less: Investments held for subsidiary (Note 22)	-	-	(32,900)	(32,900)
	2,673,054	1,541,551	2,009,161	957,338
Cash and bank	332,129	1,161,523	253,949	1,105,080
	3,005,183	2,703,074	2,263,110	2,062,418

The weighted average effective interest rate on short term deposits was 1.74% (2014 – 2.00%) per annum for United States dollar denominated deposits and 5.72% (2014 – 6.81%) per annum for Jamaican dollar deposits. These short term deposits have an average maturity of 33 days.

The weighted average effective interest rate on short term deposits with maturity period in excess of 90 days was 0.59% (2014 – 1.97%) per annum for United States dollar denominated deposits and 6.97% per annum for Jamaican dollar deposits in 2014. There were no Jamaican dollar denominated deposits with maturity periods in excess of 90 days at 31 December 2015. These short term deposits have an average maturity of 94 days.

Cash and bank and short term investments include amounts placed with related parties (Note 22). Cash at bank includes a United States dollar savings account and an interest earning current account. Interest is currently 0.25% (2014 – 0.30%) per annum and 1% (2014 – 1%) per annum respectively.

The Group has undrawn credit facilities via bank overdrafts totalling $60 million which attracts interest at 16.85%. Security for the facilities is described in Note 29.

25. Share Capital

	Number of Stock Units '000	Ordinary Stock Units $'000
Issued share capital at:		
31 December 2014	1,430,200	2,079,398
31 December 2015	1,430,200	2,079,398

The total authorised number of ordinary shares is 1,507,550,000 (2014 - 1,507,550,000) units. All issued shares are fully paid.

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

26. Capital Reserves

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Unrealised surplus on revaluation of property, plant and equipment	11,460,746	11,664,540	6,703,128	6,906,922
Less: Deferred taxation	(1,174,509)	(1,146,502)	(400,885)	(372,878)
	10,286,237	10,518,038	6,302,243	6,534,044
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	-	-
Replacement reserve	306,760	294,181	306,760	294,181
Capitalisation of depreciation reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	10,760,607	10,979,829	6,612,630	6,831,852

27. 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	215,917	215,668	212,968	212,968
	215,917	215,668	212,968	212,968

27. 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	
	2015 $'000	2014 $'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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
At beginning of year	215,668	215,391	212,968	212,968
Transfer from retained earnings (net interest)	249	277	-	-
At end of year	215,917	215,668	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.

28. Borrowings

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Non-Current -				
Long term loans (Note 29)	1,095,836	1,490,542	1,094,384	1,489,090
Current -				
Current portion of long term loans (Note 29)	447,037	437,830	447,037	437,830
	1,542,873	1,928,372	1,541,421	1,926,920

29. Long Term Loans

		The Group		The Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	The Port Authority of Jamaica	1,480	1,480	1,480	1,480
(b)	The Port Authority of Jamaica	1,452	1,452	-	-
(c)	Development Bank of Jamaica/First Global Bank Limited	-	44,769	-	44,769
(d)	Development Bank of Jamaica/First Global Bank Limited	156,000	184,800	156,000	184,800
(e)	Development Bank of Jamaica/CIBC FirstCaribbean International Bank (Jamaica) Limited	-	3,841	-	3,841
(f)	Development Bank of Jamaica/CIBC FirstCaribbean International Bank (Jamaica) Limited	178,571	214,286	178,571	214,286
(g)	CIBC FirstCaribbean International Bank (Jamaica) Limited	813,613	1,058,819	813,613	1,058,819
(h)	CIBC FirstCaribbean International Bank (Jamaica) Limited	335,705	352,000	335,705	352,000
(i)	Kingston Portworkers Superannuation Fund	51,296	65,301	51,296	65,301
		1,538,117	1,926,748	1,536,665	1,925,296
	Add: Interest payable	4,756	1,624	4,756	1,624
		1,542,873	1,928,372	1,541,421	1,926,920
	Less: Current portion	(447,037)	(437,830)	(447,037)	(437,830)
		1,095,836	1,490,542	1,094,384	1,489,090

(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 towards the partial cost of construction of a security wall. This interest-free and unsecured loan is repayable only in the event of the asset being sold.

(c) 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. After a two year moratorium on principal repayments, thereafter, payments are to be amortised over sixty months at $6,651,000 per month, this loan was repaid during the year.

(d) 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.

29. Long Term Loans (Continued)

(e) This represents a loan of $32 million granted by the Development Bank of Jamaica through CIBC 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, the loan was fully repaid during the year.

(f) This represents a credit facility granted by the Development Bank of Jamaica through CIBC FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program. The interest rate is fixed at 8.25% and the loan is repayable over seven (7) years.

(g) This represents a credit facility of US$26.6 million through CIBC 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. This loan was issued in 2006 and is scheduled to be repaid in June 2018.

(h) This represents a loan facility from First Caribbean Bank International toward the company's capital expenditure program for the amount of $352 million. The loan will be amortized over a ten year period at a fixed interest rate of 9.5% for the first two years and WATBY plus 2.5% thereafter. The loan facility also attracts a moratorium in the first year.

(i) 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 (c) – (d) above are secured by mortgages over property owned by the Group, bills of sale over certain pieces of machinery and assignment of insurance over these pieces of machinery. Security for the loan facilities with CIBC FirstCaribbean Bank (Jamaica) Limited (e)-(h) above and including the bank overdrafts (Notes 3 and 24) and guarantees (Note 34), 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, assignment of insurance proceeds and promissory notes stamped in the sums of $32 million and US$10 million and mortgages over property owned by the Group of $352 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).

30. Long Term Liability

Long term liability represents amounts due to third parties in relation to stevedoring contracts acquired (Note 16). The amounts are interest free and are payable upon the achievement of stipulated conditions.

This balance includes amounts payable to companies controlled by directors or related by virtue of common directorships.

31. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 9.65% (2014 – 8.5%) for the parent and 25% (2014- 25%) for the subsidiaries.

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Statement of financial position (assets)/liabilities for:				
Deferred income tax assets	(1,498)	(1,337)	-	-
Deferred income tax liabilities	1,111,131	1,110,748	492,339	470,070
	1,109,633	1,109,411	492,339	470,070

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

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net liabilities at beginning of year	1,109,411	1,298,399	470,070	790,641
Profit or loss (Note 10)	(14,054)	(20,029)	7,993	(3,909)
Effect on re-measurements of post- employment benefits	(13,731)	(7,196)	(13,731)	(7,196)
Stockholders' equity on disposal of PPE	(17,322)	-	(17,322)	-
Stockholders' equity on revaluation of PPE	-	288,584	-	140,881
Effect of change in tax rate on previous years' revaluation surplus	45,329	(450,347)	45,329	(450,347)
Net liabilities at end of year	1,109,633	1,109,411	492,339	470,070

The deferred tax movement in the profit or loss comprises the following temporary differences:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Vacation leave accrual	307	1,623	195	1,592
Other payables	-	24	-	-
Employee benefit obligations	(4,269)	29,781	(4,269)	29,781
Unrealised foreign exchange losses	(276)	117,870	(163)	117,870
Interest payable	(708)	4,949	(708)	4,949
Property, plant and equipment	(26,884)	(68,968)	(213)	(56,018)
Unrealised foreign exchange gains	(427)	(1,123)	(427)	(1,123)
Interest receivable	4,765	(3,918)	140	(693)
Retirement benefit asset	13,438	(100,267)	13,438	(100,267)
	(14,054)	(20,029)	7,993	(3,909)

31. Deferred Income Tax (Continued)

The deferred tax movement on the re-measurements of post-employment benefits in other comprehensive income comprises:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Retirement benefit asset	(11,419)	(5,278)	(11,419)	(5,278)
Employee benefit obligations	(2,312)	(1,918)	(2,312)	(1,918)
	(13,731)	(7,196)	13,731	(7,196)

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

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred income tax assets -				
Vacation leave accrual	2,716	3,023	1,404	1,599
Other payables	509	509	163	-
Employee benefit obligations	23,704	17,123	23,704	17,123
Property, plant and equipment	265	-	-	-
Unrealised foreign exchange losses	276	-	-	-
Interest payable	3,789	3,081	3,789	3,081
	31,259	23,736	29,060	21,803
Deferred income tax liabilities -				
Property, plant and equipment	1,068,832	1,067,444	461,143	433,349
Unrealised foreign exchange gains	-	427	-	427
Interest receivable	12,256	7,491	452	312
Retirement benefit asset	59,804	57,785	59,804	57,785
	1,140,892	1,133,147	521,399	491,873
Net deferred income tax liabilities	1,109,633	1,109,411	492,339	470,070

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 statement of financial position include the following:

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Deferred income tax assets to be recovered -				
After more than 12 months	23,704	17,123	23,704	17,123
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,128,636	1,125,229	520,947	491,134

32. Trade and Other Payables

	The Group		The Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables	78,967	88,395	65,448	81,359
Dividends payable	220,965	149,507	220,965	149,507
Provision for 16% wharfage reserve	20,820	32,730	20,820	32,730
Other payables and accruals	414,338	264,580	388,139	232,745
	735,090	535,212	695,372	496,341

Trade and other payables include amounts payable to related parties (Note 22).

33. Operating Lease

A subsidiary company has entered into an operating lease arrangement, with the subsidiary being the lessor.

The future minimum lease payments receivable under operating leases are as follows:

	2015 $'000	2014 $'000
No later than 1 year	30,000	22,500

34. 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. Subsequent to the year end, all the injunctions were discharged and the claims were discontinued.

Other

The Group is contingently liable to its bankers in respect of guarantees in the ordinary course of business totalling approximately $2.8 million.

35. Subsequent Events

Subsequent to the year end, the company paid a dividend of 15 cents per share to shareholders on record on 3 December 2015 (Note 14), and acquired the rights to additional customer contracts from a stevedoring operator at Port Bustamante.

NOTES

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