KINGSTON WHARVES LIMITED

Annual Report 2022

SOLID FOUNDATION

Boundaryless Possibilities

Contents

Vision The preferred port-centric logistics partner connecting the world to Caribbean markets.

Mission A leading provider of innovative terminal and logistics solutions for the movement of cargo.

Core Values

Sustainability
We employ sustainable practices in the use of our resources and the protection of our environment to enable long-term prosperity for our Company, community and country.

Safety
Our priorities are underpinned by the safety and well-being of our people.

Team Work
We are committed team members working together to achieve excellence.

Customer Focused
We are unrelenting in our pursuit of excellence in service delivery and customer satisfaction.

Innovation
We strive to lead with innovation where creativity and change are drivers for growth.

Integrity
Our actions and decisions reflect the highest ethical standards and professionalism.

Performance
We strive for continuous improvement to deliver productive and efficient performance.

Respect
We consistently show respect in all interactions with our people, customers and stakeholders.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Kingston Wharves Limited (the "Company") will be held at the AC Hotel, Kingston, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew, and streamed live to shareholders, on **Thursday, June 15, 2023 at 10:00 a.m.** to conduct the following business:

1. To receive the Audited Financial Statements for the year ended December 31, 2022 and the Reports of the Directors and Auditors circulated therewith.

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

> "THAT the Audited Financial Statements for the year ended December 31, 2022 and the Reports of the Directors and Auditors circulated with the Notice convening the meeting be adopted".

2. To declare the dividend of Twenty-Four cents ($0.24) per share paid on August 17, 2022 and of Forty-Three cents ($0.43) per share paid on January 17, 2023 as final.

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

> "THAT as recommended by the Directors, the dividend of Twenty-Four cents ($0.24) per share paid on August 17, 2022 and of Forty-Three cents ($0.43) per share paid on January 17, 2023 be and are hereby declared as final and that no further dividend be paid in respect of the year under review.

3. Election of Directors

By Rotation

The Directors retiring from office by rotation pursuant to Article 107 of the Company's Articles of Incorporation are Messrs. Mark Williams, Dorian Valdes, Roger Hinds and Kim Clarke. All the retiring Directors, being eligible, offer themselves for re-election.

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

i. "THAT Mr. Mark Williams be and is hereby re-elected a Director of the Company."

ii. "THAT Mr. Dorian Valdes be and is hereby re-elected a Director of the Company."

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

iv. "THAT Mr. Kim Clarke 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 resolution:

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

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

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

> "THAT the amount shown in the audited accounts of the Company for the year ended December 31, 2022 as fees of the Directors for their service as directors, be and is hereby approved."

Dated the 20th day of April, 2023.

By Order of the Board

JEFFREY HALL
Chairman

REGISTERED OFFICE
195 Second Street
Newport West
Kingston 13
St. Andrew, 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, Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston, Jamaica, or with the Company Secretary at, 195 Second Street, Newport West, Kingston 13, St. Andrew, 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.

Gateway to the Americas

Expert Terminal Services

Kingston Wharves is a multi-purpose port terminal that is highly connected and integrated into the global supply chain, with connections to over 45 destinations. Our terminal never sleeps; we operate 24-hours per day, seven-days a week to serve shipping lines that require expert berthing, stevedoring and other cargo handling capabilities.

Located on the Port of Kingston, Newport West, we are a multi-purpose port terminal handling containerised, bulk and breakbulk cargo, including motor vehicles and project cargo. Our terminal area constitutes nine berths, representing 1655 metres of continuous quay. Our terminal management offerings span areas such as stevedoring, refrigerated container handling, transhipment, warehousing and customised logistics services.

Logistics Services & Special Economic Zone Operations

We operate over 340,000 sq. ft. of warehouse space, providing FCL and LCL cargo management, order fulfilment, inventory management, postponement services, product assembling and labelling, and customised freight transportation, among other services. KWL has also built a solid reputation as a trusted global motor vehicle transhipment hub for leading autoliners, and for its ability to efficiently move project cargo to facilitate physical development in the region.

We operate in a Special Economic Zone (SEZ), which affords us the ability to seamlessly leverage our port operations capabilities to deliver proficient warehousing and logistics solutions for businesses in a wide range of sectors. Our customers and industry partners include freight forwarders, manufacturers, wholesalers, retailers, telecommunications providers, petroleum suppliers, and automobile and auto parts providers.

Our near port Global Auto Logistics Centre (GALC) at Tinson Pen, and enhanced on-dock motor vehicle storage capacity, continue to drive our domestic and transshipment auto logistics services to clients such as shipping lines, new and used car dealers and others.

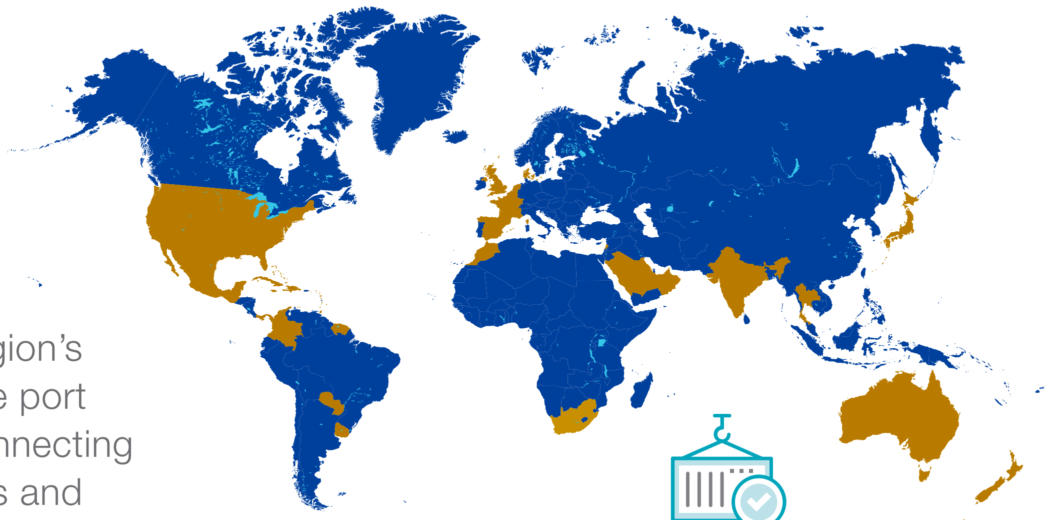
Industrial Labour & Security

We also offer port and industrial security through our subsidiary Security Administrators Limited (SAL) and industrial workforce services through Newport Stevedoring Services Limited (NSSL), which has a cadre of skilled tradespersons for the port and logistics marketplace.

Leader in Digitally-Enabled Operations

KWL is globally recognised for its significant investment in digital technology for enhanced operations and customer service delivery. We copped the 2021 Port Industry Award of Excellence for Technology and Innovation from the AAPA/OAS.

KWL at a Glance



We are consistently recognised as the region's leading multi-purpose port terminal operator, connecting our nation's importers and exporters to ports in the Caribbean, Latin America, and on every continent.

US$241 MILLION
Net Assets

WE DELIVER

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

Multi-Cargo Handling Services
For containers, breakbulk (lumber, steel and motor vehicles), and dry and liquid bulk cargo (oil, grain cement and others)

Transshipment

Third and Fourth Party Logistics Services

Refrigerated Container Management and Support

Port and Industrial Security

Equipment Rental

Terminal and Logistics workforce services

Container Stripping, Stuffing and Reconsolidation

Multi-Storage and Warehousing

Stevedoring

OUR ACHIEVEMENTS

KWL is the recipient of numerous accolades for excellence:

2021 Port Industry Award of Excellence
Technology and Innovation
American Association of Port Authorities (AAPA) & Organisation of American States (OAS)-SCIP

Growth & Development Awardee 2016 · 2010
Caribbean Shipping Association

5x BEST
Multi-Purpose Terminal of the Year Awardee
CARIBBEAN SHIPPING ASSOCIATION

Best in Chamber Awardee for Large Companies 2017
Jamaica Chamber of Commerce

Best in Chamber Nominee 2011 · 2016
Jamaica Chamber of Commerce

Most Efficient Port Awardee 2008 · 2010
Caribbean Shipping Association

HOW WE WORK

The equipment & supporting systems include:

07 Mobile Harbour Cranes	**18** Reach Stackers	**03** Ro-Ro 4x4 Terminal Tractors	Tideworks Terminal Operating System
19 Bomb Carts	**15** Terminal Tractors 4x2	**25** Container Chassis	**02** Loaded Container Handlers (Top Loaders)

WE ARE ALSO ABLE TO SOURCE ADDITIONAL CHASSIS, TRUCKS, TRAILERS AND FORKLIFTS, UPON REQUEST.

MULTI-PURPOSE MULTI-USER TERMINAL

Strategically located on the Port of Kingston, our terminal operates 24 hours per day, 7 day per week, 365 days per year.

TERMINAL INFRASTRUCTURE

A

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

9 DEEPWATER BERTHS
for ro-ro, lo-lo, container, general breakbulk and bulk cargoes

VESSEL DEPTH
9 metres (29 feet) to 13 metres (42 feet)

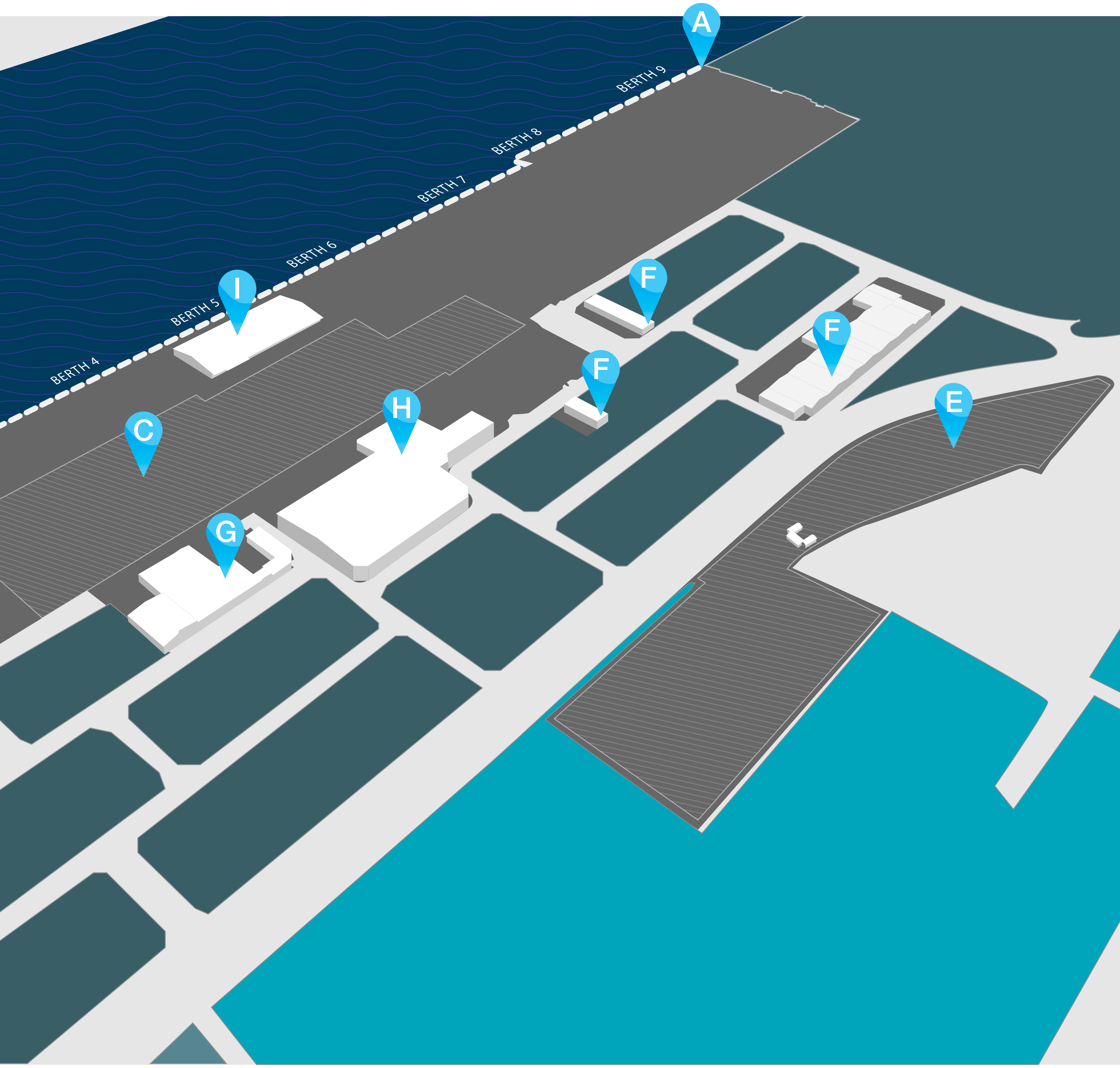
B

ON-DOCK OPEN STORAGE
250,000 square metres or 2,694,000 square feet

TOWER GRAIN SILOS
2 Silos
9,000 metric tons capacity

REEFER PLUGS
172 at 440 Volts

*Approximate measurements



C **ON-DOCK TRANSSHIPMENT CAR PARK**
56,000 square metres or 600,000 square feet

D **OFF-DOCK CAR PARK**
6,500 square metres or 70,000 square feet

E **GLOBAL AUTO LOGISTICS CENTRE (TINSON PEN)**
73,000 square metres or 786,000 square feet

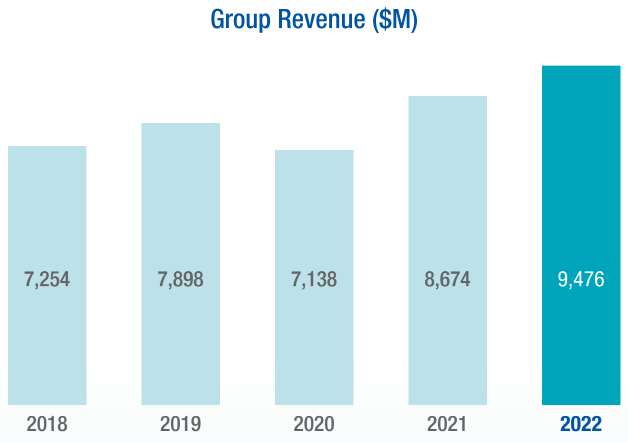
F **INTEGRATED LOGISTICS WAREHOUSES**
50,000 square feet

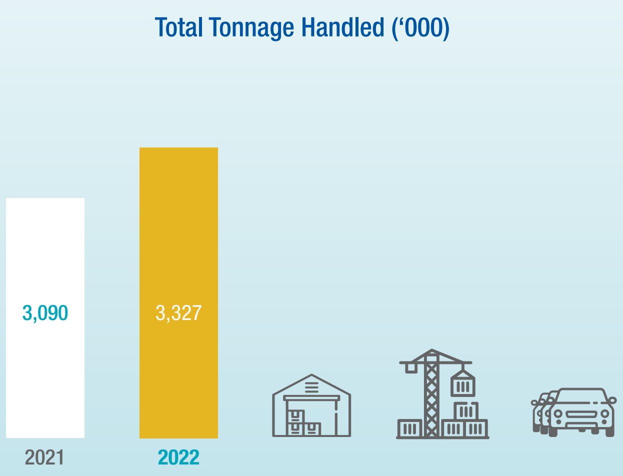
G **KINGPORT WAREHOUSE COMPLEX**
40,000 square feet

H **TOTAL LOGISTICS FACILITY**
160,000 square feet of Ultra-Modern Logistics Warehouse

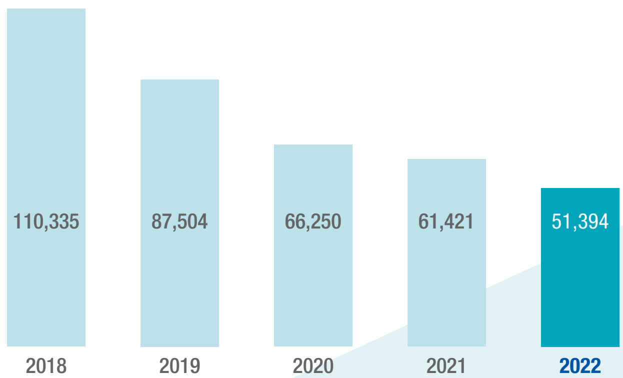
I **ON-DOCK WAREHOUSE STORAGE**
110,000 square feet

2022 Performance Summary

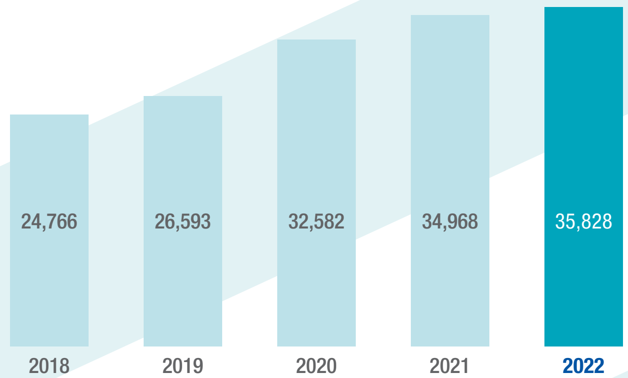




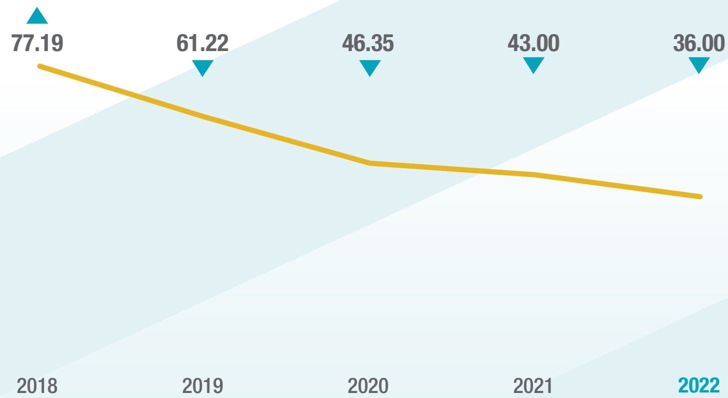
Market Capitalisation ($M)



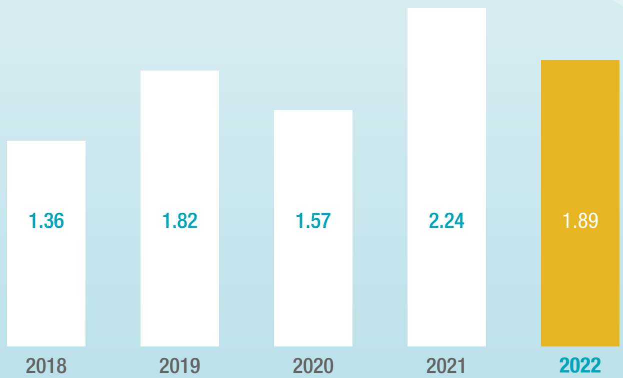
Shareholders Equity ($M)



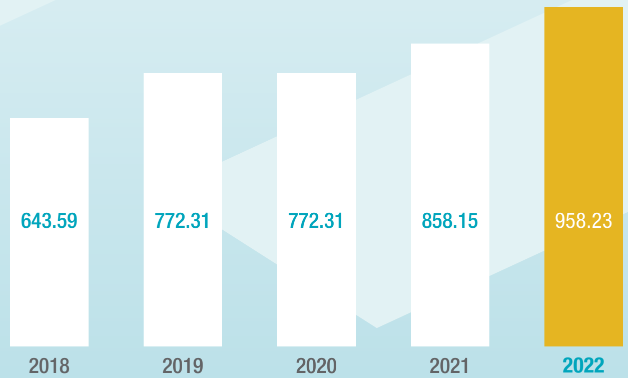
Stock Price at Year End ($)



Earnings per Share ($)



Dividends Declared ($M)



Ten-Year Statistical Review

	2022	2021	2020
No. of Stock Units @ 20 cents each (000's)	1,427,613	1,428,391	1,429,342
Total Assets ($'000)	42,680,569	41,307,043	38,233,506
Net Current Assets ($'000)	8,601,837	8,491,271	6,098,188
Deposit & Cash Balance ($'000)	10,275,790	9,558,286	6,934,489
Capital Expenditure ($'000)	2,732,559	1,101,158	696,907
Total Gearing ($'000)	2,488,669	2,046,666	1,680,741
Shareholders' Equity ($'000)	35,827,572	34,968,279	32,582,332
PROFIT AND LOSS ACCOUNT			
Revenue ($'000)	9,476,406	8,674,001	7,138,338
% Increase/(Decrease) over prior year	9.25	21.51	(9.62)
Operating Profit ($'000)	3,265,491	3,868,736	2,852,760
% Increase/(Decrease) over prior year	(15.59)	35.61	(8.06)
Finance Costs ($'000)	101,892	149,390	154,876
% Increase/(Decrease) over prior year	(31.79)	(3.54)	(12.95)
Profit Before Income Tax ($'000)	3,163,599	3,719,346	2,697,884
% Increase/(Decrease) over prior year	(14.94)	37.86	(8.97)
Net Profit Attributable to Equity Stockholders ($'000)	2,694,027	3,195,882	2,237,719
% Increase/(Decrease) over prior year	(15.70)	42.82	(13.96)
Dividends Declared ($'000)	958,234	858,146	772,308
% Increase/(Decrease) over prior year	11.66	11.11	0.00
IMPORTANT RATIOS			
Return on Sales	28.43%	36.84%	31.35%
Return on Equity	7.52%	9.14%	6.87%
Current Ratio	3.75:1	4.52:1	4.11:1
Debt to Equity Ratio	6.95%	5.85%	5.16%
Profit Before Tax to Sales	33.38%	42.88%	37.79%
Dividend Cover - Times	2.81	3.72	2.90
Interest cover (inclusive of foreign exchange movement)	32.05	25.90	18.42
Total No. of Employees (Permanent and Contractual)	737	708	631
Net Profit After Income Tax per Employee ($'000)	3,655.4	4,514.0	3,546.3
MARKET STATISTICS			
Stock Price at year end	$36.00	$43.00	$46.35
Earnings per Stock Unit	$1.89	$2.24	$1.57
Price Earnings Ratio	19.08	19.22	29.61
Market Capitalisation ($'000)	51,394,068	61,420,813	66,250,002

2019	2018	2017	2016	2015	2014	2013
1,429,342	1,429,393	1,430,200	1,430,200	1,430,200	1,430,200	1,430,200
32,580,694	31,456,820	29,475,959	23,536,808	21,411,543	21,001,026	16,716,664
5,111,944	4,151,517	2,922,727	2,478,345	2,281,209	2,606,034	2,911,375
5,923,489	5,019,466	3,948,221	3,190,846	3,019,868	2,909,435	3,159,899
604,291	657,715	1,847,257	1,865,654	1,202,414	1,252,601	579,447
2,273,631	2,777,428	2,888,132	2,342,913	1,538,117	1,926,748	1,998,940
26,593,460	24,765,896	22,981,794	18,540,246	17,496,896	16,958,261	12,689,393
7,898,207	7,253,571	6,369,238	5,409,801	4,672,884	3,819,691	4,232,408
8.89	13.88	17.74	15.77	22.34	(9.75)	15.32
3,102,944	2,460,166	2,026,685	1,675,251	1,572,056	1,145,267	1,477,042
26.13	21.39	20.98	6.56	37.27	(22.46)	37.31
177,917	217,377	134,923	186,408	162,718	224,151	325,746
(18.15)	61.11	(27.62)	14.56	(27.41)	(31.19)	22.31
2,963,638	2,239,217	1,891,762	1,488,843	1,409,338	921,116	1,151,296
32.35	18.37	27.06	5.64	53.00	(19.99)	42.25
2,600,817	1,945,450	1,628,538	1,293,480	1,256,397	842,730	839,255
33.69	19.46	25.90	2.95	49.09	0.41	52.54
772,308	643,590	543,476	486,268	357,550	286,040	257,436
20.00	18.42	11.76	36.00	25.00	11.11	80.00
32.93%	26.82%	25.57%	23.91%	26.89%	22.06%	19.83%
9.78%	7.86%	7.09%	6.98%	7.18%	4.97%	6.61%
3.44:1	2.69:1	2.68:1	2.50:1	2.68:1	3.39:1	3.94:1
8.55%	11.21%	12.57%	12.64%	8.79%	11.36%	15.75%
37.52%	30.87%	29.70%	27.52%	30.16%	24.11%	27.20%
3.37	3.02	3.00	2.66	3.51	2.95	3.26
17.44	11.32	15.02	8.99	9.66	5.11	4.53
599	583	625	663	717	738	819
4,341.9	3,337.0	2,605.7	1,951.0	1,752.3	1,141.9	1,024.7
$61.22	$77.19	$32.50	$20.01	$11.36	$6.00	$6.06
$1.82	$1.36	$1.14	$0.90	$0.88	$0.59	$0.59
33.64	56.71	28.51	22.23	12.91	10.17	10.27
87,504,317	110,334,846	46,481,500	28,618,302	16,247,072	8,581,200	8,667,012

Chairman's Message

As a major shipping gateway for the Caribbean and Latin America, and a strategic link in the global supply chain, Kingston Wharves has been consistent in investing in its business to improve service offerings.

In so doing, we have achieved success in balancing our two critical goals of maintaining agile operations in support of cargo owners while delivering value to shareholders through a multi-faceted portfolio of revenue-generating mechanisms.

In 2022, we achieved a strong financial performance despite the lingering global supply chain issues, geopolitical instability and inflationary pressures in the global markets. Coming out of a two-year pandemic, the global economy again faced disruptive events such as the Russia-Ukraine War which created geo-political instability and fuelled inflation. The high cost of energy and increase in the price of critical inputs required for terminal and logistics operations were among the resulting factors that affected our bottom line.

For the year in review, KWL recorded revenues of J$9.5 billion, an increase of 9% over the corresponding period in 2021. Net profits attributable to shareholders reflected a decrease of 16% or J$502 million, moving from J$3.2 billion at the end of 2021 to J$2.7 billion at the end of 2022. Earnings per stock unit decreased to $1.89 from $2.24 in 2021. Excluding foreign exchange gains or losses, net profit before taxes increased 1.6% relative to the prior year.

Kingston Wharves is also moving to strengthen its position as an auto transhipment hub through strategic investment in motor vehicle storage capacity both within the port boundary and through the expansion of near port facilities. Capital investment in our berthing and technology enhancements has remained a priority during 2022.

Accordingly, we continued to develop our infrastructure through a structured programme of berth redevelopment and off dock warehouse construction aimed at relocating cargo storage facilities (and in turn increasing the available yard space on our terminal). The Berth 7 redevelopment project progressed well throughout the year, and is designed to deliver modernised berthing capacity, efficiency, and enhanced experience to shipping lines that call our terminal.

Specifically, the project will see the expansion of the main berthing area to simultaneously service two panamax size vessels. This development will boost our competitiveness and strengthen our offering as a key gateway in the Caribbean.

Our terminal functions were further optimised by the implementation of a state-of-the-art terminal operating system to improve efficiency in the loading and unloading of vessels; gate operations and the clearance of commercial and personal shipments.

As a leading motor vehicle transshipment hub and auto logistics provider, we are expanding storage and short-stay maintenance facilities for automobiles.

E-commerce was also a major component of our customer engagement and our ability to execute efficient cargo delivery.

Kingston Wharves is a leader in online cargo clearance in the shipping industry, underpinned by a suite of e-payment options housed in a single online portal for customer convenience. We have partnered with the Jamaica Customs Agency to introduce a Contactless Cargo pilot initiative to encourage customers to do business online, rather than attend the wharf to access services.

Fiscally, we maintain a strong balance sheet, robust shareholder equity and have been consistent in delivering on our dividend commitment to shareholders.

In 2023, we will also move to strengthen our corporate governance framework through focus on a robust risk management framework incorporating business continuity strategies and climate change resilience.

I believe that our strong foundation, solid investments and robust strategic plan will continue to act as a platform for growth and profitability. I thank the team at Kingston Wharves for its commitment throughout the year, our Board for its oversight and our customers and shareholders for their continued confidence in KWL.

Jeffrey Hall BA, MPP, JD
Chairman

Board of Directors

Jeffrey Hall
BA, MPP, JD
Chairman

Jeffrey Hall is the Chief Executive Officer of Jamaica Producers Group Ltd. (JPG). He has been the Chairman of the KWL Group since 2014. Mr. Hall was awarded the Order of Distinction in the rank of Commander (CD) for his contribution to Investment and Commerce in 2022. Mr. Hall has previously served as Chairman of Scotia Group Jamaica Limited and as Director of the Bank of Jamaica and the Jamaica Stock Exchange and as a Vice President of the Private Sector Organization of Jamaica.

Other Board and Committee Association: Jamaica Producers Group, Blue Power Group Limited, Lumber Depot Ltd, Harmonisation Group Limited, SAJE Logistics and Infrastructure Ltd., and Eppley Caribbean Property Fund Limited.

Committee: Executive (Chair)
Length of Directorship - 11 Years

Grantley Stephenson
CD, JP
Deputy Chairman

Grantley Stephenson served in the dual capacity of Executive Chairman and CEO between 2003–2009 and 2011–2013. After that, he was CEO of KWL until January 5, 2020. Mr. Stephenson was conferred with the Order of Distinction by the Government of Jamaica in 2007 and an Honorary Doctor of Science in Port Management by the Caribbean Maritime University in 2017. He received the 2015 Manager of the Year Award from the Jamaica Institute of Management and was ranked the No. 1 CEO among all companies trading on the Jamaica Stock Exchange by Businessuite Magazine in 2010. He is also a fellow of the Jamaica Institute of Management. Other Board and Committee Association: Jamaica Producers Group, Security Administrators Limited, Shipping Association of Jamaica, Assessment Recoveries Limited, Ports Management and Security Limited, ADVANTUM and Shortwood Teachers College – Chairman of the Board of Managers.

Committees: Executive, Compensation and Leadership Development (Chair)
Length of Directorship - 19 Years

Mark Williams
Chief Executive Officer

Mark Williams was appointed Chief Executive Officer of the Kingston Wharves (KWL) Group, in January 2020, having joined the company in October 2011 as the Chief Marketing & Planning Officer. He was later appointed Chief Operating Officer.

A certified Port Executive, prior to joining Kingston Wharves, he was Vice President at the Airports Authority of Jamaica and held Senior Executive positions at The Shell Company (W.I.) Limited and Shell Antilles & Guianas Limited with responsibility for 10 countries. He holds a Master of Business Administration (MBA) from University of Surrey, United Kingdom; a Master of Philosophy (MPhil) and Bachelor of Science (BSc) from the University of the West Indies and Bachelor of Laws (LL.B) from the University of London. Other Board and Committee Association: Caribbean Shipping Association, Shipping Association of Jamaica and the Jamaica Youth for Christ.

Committees: All
Length of Directorship - 3 Years

Our Directors drive the achievement of our strategic imperatives, piloting the success of the organisation on its growth path. Through the various stages of our transformation process, our Directors have contributed a wealth of knowledge, experience and expertise, ensuring a strong corporate governance framework.

Bruce Brecheisen

Bruce Brecheisen is an Executive Vice President with Seaboard Marine, a leading ocean carrier in the Caribbean and Latin America. Mr. Brecheisen is a voting member of the Board of the Port of Miami Crane Management, Inc. Other Board and Committee Association: CareerSource South Florida.

Committees: Audit, Executive
Length of Directorship - 8 Years

Kim Clarke

Kim Clarke, a past President of the Shipping Association of Jamaica, is Managing Director of the Maritime and Transport Group of Companies. He is also the Managing Director of Boat Services Limited and Chairman of Caribbean Crewing and Manning Services Limited. Other Board and Committee Association: R.S. Gamble Limited, Arnold L. Malabre & Company Limited, Newport Fersan Jamaica Limited, SAJE Property ServicesLimited.

Committees: Executive, Compensation and Leadership Development.
Length of Directorship - 19 Years

Dr. Marshall Hall
CD, OJ

Dr. Marshall Hall, formerly Professor of Management at the University of the West Indies, was a Director of Jamaica Producers Group Limited. Dr. Hall was conferred with the Order of Jamaica in 2010, and was a member of the PSOJ Hall of Fame.

Committee: Audit
Length of Directorship - 8 Years*

Dr. Marshall Hall passed away in November 2022*

Board of Directors

Roger Hinds

Roger Hinds is the Managing Director of MSC Mediterranean Shipping Company Jamaica Limited. He is the Chairman of Transocean Shipping Limited, Transport Logistics Limited and Marine Haulage Services Limited.

Other Board and Committee Association: Shipping Association of Jamaica and SAJE Property Services Limited.

Committee: Compensation and Leadership Development
Length of Directorship - 19 Years

Charmaine Maragh

Charmaine Maragh is the Executive Chairman and Chief Executive Officer of the Lannaman & Morris Shipping Group of companies. Mrs. Maragh has also served as a director in the Group as well as a trustee of the Metro Investment Pension Fund since 1997. She was also a director of Seafreight Shipping Line in the USA, before it was acquired by Crowley.

Prior to her directorship in the Lannaman & Morris Shipping Group, she was involved in a number of companies in the area of personnel and industrial relations management. These included the Jamaica Pegasus, CMP Metals, Oceania Hotel (formerly Hotel Intercontinental Jamaica) and the Airports Authority of Jamaica.

Committees: Compensation and Leadership Development
Length of Directorship - 2 Years

Charles Johnston
CD, BSc (Econ.), DSc (Hon.)

Charles Johnston is the Executive Chairman of Jamaica Fruit and Shipping Company Ltd. He joined the Board of Jamaica Producers Group in 1975 and became Chairman in 1986. Mr. Johnston is also the Chairman of Seaboard Freight & Shipping Jamaica Ltd. and Immediate Past President of the Shipping Association of Jamaica. In 2006, he was conferred with the Order of Distinction, Commander Class and inducted into the Hall of Fame of the Private Sector Organisation of Jamaica in 2008. In 2017, he was awarded a Jamaica Observer Lifetime Achievement Award, and in 2018 he was conferred with a Doctor of Science degree in International Shipping honoris causa from the Caribbean Maritime University. Mr. Johnston is a graduate of the University of Pennsylvania, Wharton School of Finance & Commerce.

Other Board and Committee Association: The Jamaica Public Service Company Ltd., SAJE Property Services Ltd., German Jamaica Ship Repair Ltd. and Kingston Logistics Centre Ltd.

Committee: Executive
Length of Directorship - 38 Years

**Charles Johnston previously served on the KWL Board 1982-2001*

Robert Scavone

Robert Scavone provides advisory and management consulting services to a variety of clients in the international cargo transport sector. Mr. Scavone's career has included port and terminal development projects and the creation and management of their respective entities in North America, Europe, Asia, the Middle East, Latin America, and the Caribbean.

He has served on various boards internationally, including Terminales Rio de la Plata in Buenos Aires, Halterm Limited in Halifax, Fraser Surrey Docks near Vancouver, Salalah Port Services in Oman, and Trans-Siberian Express Railway and Vostochny International Container Terminals, both in Russia. He has also been a board member for several U.S. companies, including Port of Miami Terminal Operating Company, Port Newark Container Terminal, Delaware River Stevedores (Philadelphia), and CP&O (Norfolk).

He has served in an advisory role for acquisitions and divestitures of port assets for numerous entities, including Macquarie Bank and Deutsche Bank.

Committee: Executive
Length of Directorship - 8 Years

Kathleen Moss
BSC, MBA, CBV

Kathleen Moss is a management consultant and Chartered Business Valuator with Sierra Associates, an independent business advisory and valuation firm which she established in 1993. Mrs. Moss is Chairman of JN Bank Limited and a member of the Canadian Institute of Chartered Business Valuators.

She also serves on the boards of Jamaica Producers Group Limited, The Jamaica National Group Limited, JN Financial Group Limited, JN General Insurance Limited, Pan Jam Investment Limited, Assurance Brokers Jamaica Limited and the Violence Prevention Alliance.

Committees: Audit (Chair), Compensation and Leadership Development
Length of Directorship - 11 Years

Dorian Valdes
P.E. (Retired)

Dorian K. Valdes is a retired professional engineer having over 50 years of experience in providing leading engineering, programme management and construction management services to private businesses and government agencies.

Mr. Valdes has worked in the area of civil and environmental engineering specialising in over US$2 billion of seaport capital improvements of both cargo and cruise operations facilities and equipment needs. This included passenger boarding bridges, granary cranes and infrastructure for cargo handling activities, as well as roadway, such as the Port Miami Tunnel construction.

In addition, Mr. Valdes directed over US$1.5 billion in drainage improvements, stormwater management, restoration of beaches and upland ecosystem restoration and protection. Half of the funds represented part of the US Federal Government, Florida State, and Miami Dade County local match monies of US$740 million for the recovery efforts from the impacts of the "No-Name Storm" and "Hurricane Irene"

Committee: Executive
Length of Directorship - 8 Years

Directors' Report

The Directors are pleased to submit the Group results for Kingston Wharves Limited for the year 2022.

Operating Results:

- The Profit for the Group before income tax was **$3.2 billion**
- The Profit for the Group after Tax and Minority Interest was **$2.7 billion**

Dividends:

The Directors recommend that the following dividends declared and paid in relation to 2022 be declared as final:

- Twenty-Four cents ($0.24) per share paid on August 17, 2022
- Forty-Three cents ($0.43) per share paid on January 17, 2023

Messrs. KPMG – Chartered Accountants, the present auditors will continue pursuant to Section 154 of the Companies Act, 2004.

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

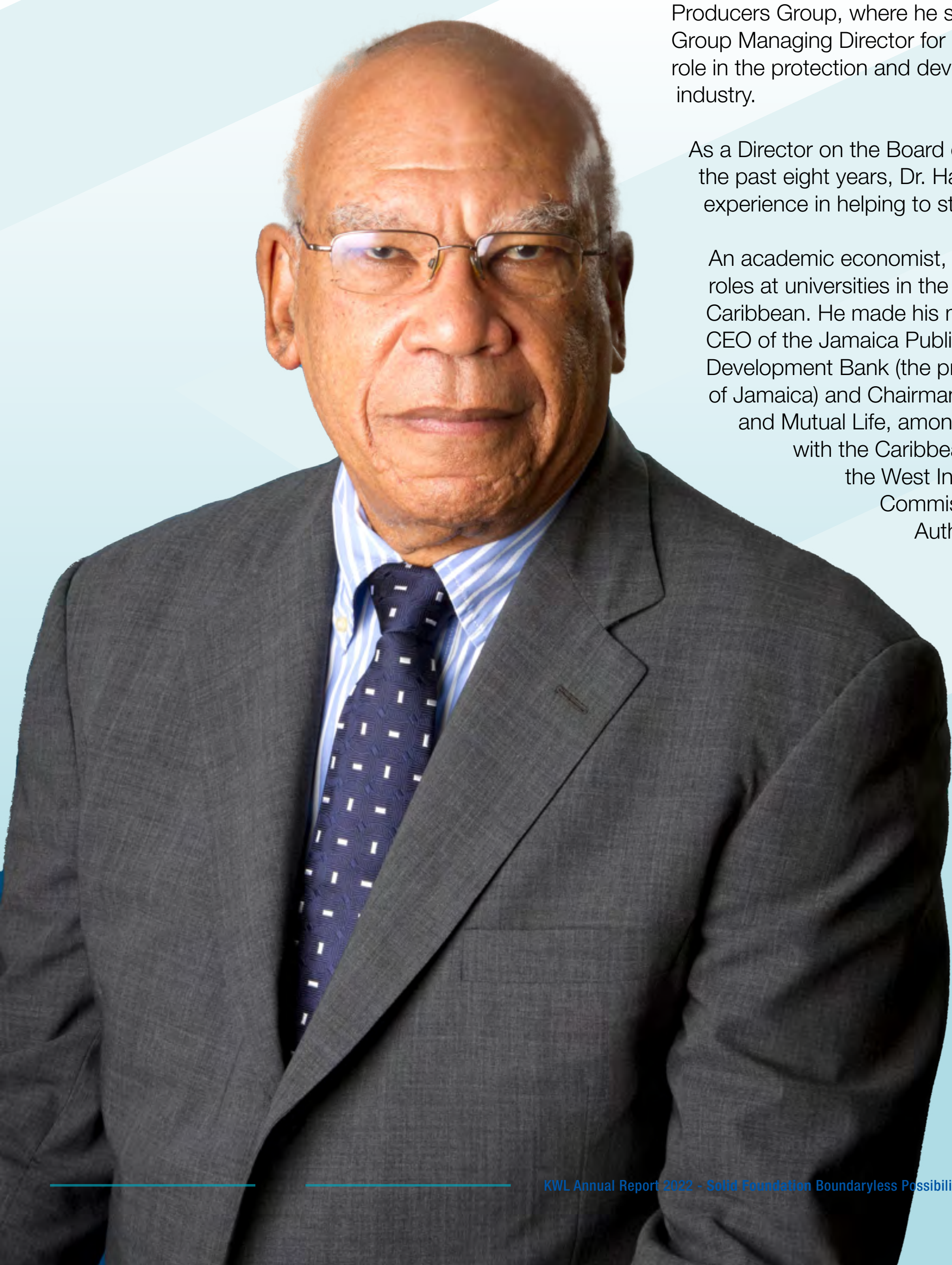
On behalf of the Board

JEFFREY HALL BA, MPP, JD
Chairman

HONOURING

Dr. Marshall Hall OJ, CD

Kingston Wharves Limited celebrates the prolific life and sterling contribution of Dr. Marshall Hall who passed away November 22, 2022.



We honour Dr. Hall for his extensive impact in Jamaica and the world, through his illustrious career in academia, government and business. He was most recognized for his association with the Jamaica Producers Group, where he served as Director for 40 years, and Group Managing Director for 27 years. He played a transformational role in the protection and development of the local and global banana industry.

As a Director on the Board of Kingston Wharves Limited for the past eight years, Dr. Hall brought his vast knowledge and experience in helping to steer the company to greater success.

An academic economist, Dr. Hall's career spanned leadership roles at universities in the United States, Africa and the Caribbean. He made his mark in government and business as CEO of the Jamaica Public Service, Chairman of the Jamaica Development Bank (the precursor to the Development Bank of Jamaica) and Chairman of the National Commercial Bank and Mutual Life, among others. Dr Hall was also affiliated with the Caribbean Policy Research Institute (CAPRI), the West Indian Commission, the Police Service Commission, and Police Civilian Oversight Authority.

Dr. Hall's passing is a tremendous loss to the region, the Jamaica Producers Group and Kingston Wharves Limited. We take comfort in the great legacy he left through his family and the organizations and people he impacted.

Corporate Governance

Kingston Wharves Limited has cultivated a culture that positively models to its workforce, its core values. Being extraordinary, is not a one-time act, but a habit that drives KWL's adherence to the highest ethical standards based on its core values and the guiding principles of accountability, commitment and excellence.

The foundation of our belief about Corporate Governance is laid by the Company's Board-approved Corporate Governance Policy, which is reviewed regularly. A copy of our Corporate Governance Policy is available for review on our website at www.kingstonwharves.com.jm.

Kingston Wharves uses corporate governance to:

- Strengthen and safeguard the Company's integrity and implement responsible business practices; and
- Encourage the efficient use of resources, and ensure accountability for the management of those resources.

Kingston Wharves has remained committed to maintaining high standards of corporate governance, in spite of various challenges in the marketplace. Guided by the Company's Corporate Governance Policy, the Board works to ensure that our governance practices are applied consistently and are compliant with all applicable legislation, codes, rules, regulations and best practices. The Board takes its duty of care to the Company and its stakeholders seriously and thus served with a sense of enthusiasm and dedication throughout the year. Board Members have brought their collective experience, technical expertise and independence to competently discharge their duties.

After two years of hybrid Annual General Meetings in 2020 and 2021, the Company hosted its first in-person Annual General Meeting on June 16, 2022. Shareholders were also able to watch the meeting through a livestream and submit questions by email, which were answered during the meeting. All six resolutions presented in the Notice of Annual General Meeting were voted on by shareholders and passed unanimously. The resolutions included the appointment of new auditors KPMG, Chartered Accountants and Special Business which authorized amendments to the Company's Articles of Incorporation to establish the procedure for hosting hybrid and virtual meetings.

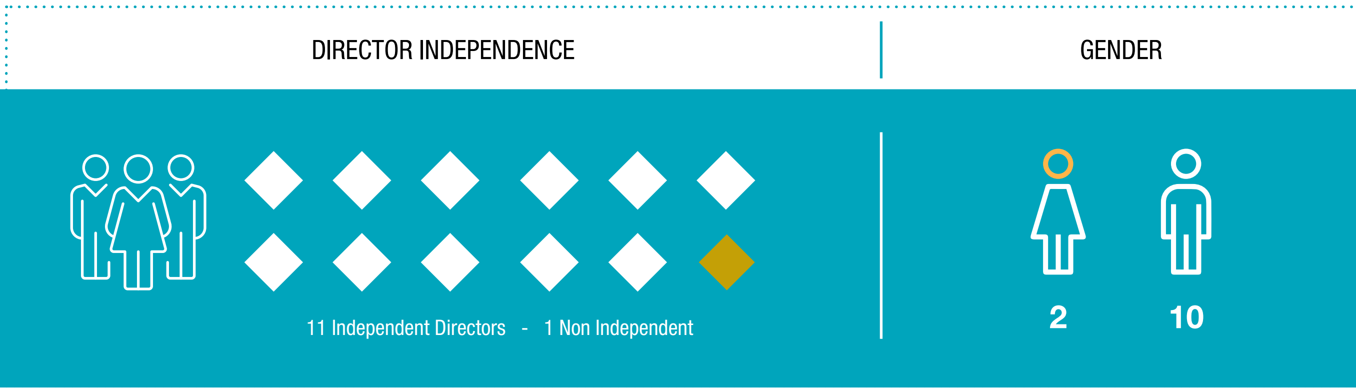
The Board continued to demonstrate agility and commitment to the Company by consistently providing sage advice whilst navigating through another year of the pandemic. KWL's management continued to efficiently perform the day-to-day operations under the guidance of the Board, which has ensured consistency with both international best practices and the principles adopted in various governance policies. The Board reviews and evaluates our practices in relation to the timing and quality of our disclosures to stakeholders, thus maintaining accountability to the Company's shareholders. The overall goal is to ensure alignment with the interests of directors, management, and shareholders whilst complying with the Jamaica Stock Exchange (JSE) and relevant legislation.

Additionally, the Company's Corporate Governance Policy also makes provision for handling of trading in company securities and conflicts of interest.

The Role and Responsibilities of the Board of Directors

The primary objective of the Board is to provide leadership whilst creating shareholder value that is supported by Kingston Wharves' corporate responsibilities towards its customers, employees, suppliers and the communities within which we operate. Throughout this year, the Board delivered all of its functions, including:

- Reviewing and approving the Company's 2023-2024 operational plans and budget
- Business development initiatives including major investments and disposals
- Corporate governance
- Risk management
- Monitoring executive management performance
- Review of financial and operational systems



Board Composition

The Board is composed of directors that are competent, experienced, and together encapsulate the knowledge, independence and business acumen required to steer the Company into the future. During each financial year, there are a minimum of four regular meetings of the Board, with special Board meetings occurring at such time and place, as any member of the Board may reasonably request.
The Company is proud that the Board is led by an Independent Chairman, and that the majority of the Directors on the Board meet the definition of Independence set out in the Group's Corporate Governance Policy. Below is the definition of an Independent Director,

a. Is not an employee of the Group and has not been an employee of the Group within the last three (3) years;

b. Does not have and has not had within the last three (3) years, a material trading relationship with the Group either directly, or as a partner, shareholder, director or senior officer of a body that has or has had such a relationship with the Group, where "material trading relationship" means one in which the director or the company or business in which the director is involved or interested has earned more than 5% of its profit before tax from its dealings with the Group in any financial year;

c. Does not receive and has not received from the Group within the last three (3) years, fees or other remuneration other than Board or Board Committee related fees amounting to more than 5% of such director's income;

d. Is not an immediate family member of any otherwise non-Independent Director or Senior Officer of the Company or of any person who meets criteria b) and c) above.

Based on this definition, only one (1) Director is considered Non-Independent.

The Board assesses the balance of skill and experience among its members on an ongoing basis, and specifically as part of the annual Board Evaluation exercise.

BOARD COMMITTEES

To ensure the successful delivery of its mandate, the Board has established three standing committees, each of which operate within the Terms of Reference as described in the Corporate Governance Policy.

Executive Committee

The Executive Committee is responsible for conducting a review of critical business decisions for which the Senior Officers are required or have the support, advice and/or approval of the Board. This Committee successfully delivered its mandate and some of its highlights include the following:

- Approval to upgrade the Company's Terminal Operating System
- Climate-Environment Programme
- Review of the Group's Operations
- Review safety policy and procedures of the Group
- Quarterly Corporate Governance Reporting

Compensation & Leadership Development (CLD) Committee

The CLD Committee has oversight responsible for reviewing the composition of the Board, succession planning for both the Board and management, remuneration polices for the Executive Directors and Senior Officers, as well as employee benefits and compensation plans.

Corporate Governance

Directors	Independent (I) or Non-Independent (NI)	Committees	Board Meetings (6)	Quarterly Committee Meetings (4)	AGM (1)
Jeffrey Hall (Board Chair)	I	Executive (Chair)	6	4	1
Bruce Brecheisen	I	Audit	5	4	1
		Executive		4	
Kim Clarke	I	CLD	6	4	1
		Executive		4	
Dr. Marshall Hall	I	Audit	4	3	1
Mark Williams	NI	Audit	6	4	1
		CLD		4	
		Executive		4	
Roger Hinds	I	CLD	6	4	1
Charles Johnston	I	Executive	6	4	1
Charmaine Maragh	I	CLD	6	4	1
Kathleen Moss	I	Audit (Chair)	6	4	1
		CLD		4	
Robert Scavone	I	Executive	6	4	1
Grantley Stephenson	I	CLD (Chair)	6	4	1
		Executive		4	
Dorian Valdes	I	Executive	6	4	1

The main activities undertaken this year include the following:

- Update to the Sexual Harassment Policy and Sexual harassment sensitivity training
- Implementation of the Human Capital Development Plan
- KWL & HEART Trust NTA Memorandum of Understanding for Employee Certification Programme
- Review of the Group's Incentive Plan for staff

Audit Committee

The Audit Committee facilitates the external and internal audit of the Company for the Board to obtain independent information about the Company's activities. During this year, the Committee achieved the following:

- Review of the investment performance and financial condition of the Company
- Review of the quarterly risk assessment and the effectiveness of the internal audit function
- Review of Group financial performance and approval of the quarterly unaudited financial statements
- Review and approve the audited financial statements of the Group.

Attendance at Meetings

In 2022, Directors displayed commendable commitment in their attendance at Board and Committee meetings, as well as at the AGM, with very few absences, as shown in the above table.

BOARD INDUCTION, TRAINING AND PRESENTATIONS

The Board of Directors is provided with continuous training and education about the Company, the business line segments, as well as legal and regulatory changes that may impact operations. This year the Board received presentations and training on the following:

- Training on the Data Protection Act
- Presentation on IT Infrastructure Developments
- Presentation on the Terminal Operation Plan regarding Berth Redevelopment
- Presentation on Safety
- Training on Pension Matters

REMUNERATION

The remuneration of the Kingston Wharves Board members continues to be based on that which would attract and retain individuals with the necessary skills and expertise whilst reflecting the responsibilities being undertaken.

ANNUAL SELF-EVALUATION

The performance of our Board is evaluated annually as part of the continual development of the Board's effectiveness. For 2022, the Board members were asked to complete a survey online that asked them to reflect on the effectiveness of their governance. This included matters pertaining to the Directors evaluation of Board meetings and its agenda, the substance of Board presentation to allow for informed decision-making by Directors and the level of communication provided by the Senior Officers to the Board and the materiality of Company developments shared with the Board. The results revealed a high level of satisfaction with operation of the Board. The results of our evaluation process are presented during our Board Meeting, and significant time and focus is given to assessing these results and creating an action plan to close the gaps identified through this process. During 2023, Board training and sensitization sessions are scheduled to facilitate continuous learning by the Board.

For further details regarding the Corporate Governance and the Board, please visit the Investor Relations section of our website at www.kingstonwharves.com.jm

Leadership Team

Our dynamic management team continues to competently pilot the day-to-day operations of the organisation. Team members bring to the table, diverse skills and expertise including corporate strategy, commercial planning, customer service, industrial security, shipping and logistics, and environmental management. Engineering, information technology, legal services, finance and human resource development are also skills possessed by the KWL management team.

MARK WILLIAMS
Chief Executive Officer - KWL

CLOVER MOODIE
Group Chief Financial Officer - KWL

VALRIE CAMPBELL
Director of Terminal Operations - KWL

DENISE WALCOTT-SAMUELS
Group Manager, Human Resource and Administration - KWL

LANCELOT GREEN
Information Technology Specialist - KWL

ALFRED MCDONALD
Commercial and Logistics Manager - KWL

FRANCES MIGHTY-HUTCHINSON
Internal Audit Manager - KWL

STEPHAN MORRISON
Corporate Secretary and Legal Counsel - KWL

SIMONE MURDOCK
Corporate Services and Client Experience Manager - KWL

CAPTAIN GEORGE REYNOLDS OD, JP
Managing Director - SAL

TERRI-ANN GORDON
Financial Controller - KWL

SOLID FOUNDATION Boundaryless Possibilities

Strengthen

PEOPLE

- Maintain a high performance workforce that is trained and certified to strengthen the unique capabilities of staff and the Company
- Institutionalise the "KW Way" of managing and delivering results

PROCESSES

- Enhance the safety and well-being of our people
- Achieve industry leadership for operational and productivity standards
- Improve productivity and performance through innovation
- Harness digital technology for optimised performance

Expand

PLANT

- Optimise the efficiency and capacity of current and future facilities
- Play a positive and proactive role in benchmarking sustainable and environmentally friendly operations

Diversify

CUSTOMERS

- Deliver service excellence to all customer segments
- Provide integrated supply chain solutions to high volume cargo owners
- Streamline services through investment in digital solutions

PROFIT

- Realize margin optimization and cost management
- Expand regional footprint through integrated terminal and logistics services
- Expand the range of cargo handling capabilities offered to customers

Management Discussion & Analysis

Mark Williams Chief Executive Officer

The Management of Kingston Wharves Limited is responsible for the reliability of the information disclosed in the Management Discussion and Analysis (MD&A). The MD&A highlights KWL Group's operational and financial performance as well as divisional results. This is consistent with previous disclosures made by the KWL Group in its audited financial statements for the financial year 2022. The MD&A outlines a forward looking statement based on strategic plans and forecasts, subject to risks and our actual performance.

Anchored in its expansive vision, strategic investments and growing operational efficiency, KWL has built a strong and resilient business. In 2022, we maintained an aggressive growth posture, a corporate culture defined by optimism and a committed team, which assisted our business to successfully navigate the paradigmatic changes in the global shipping industry.

Financial Performance

Despite those prevailing realities, in 2022, Kingston Wharves recorded revenues of J$9.5 billion, 2022, an increase of 9% over the corresponding period in 2021. Profit before taxation decreased from J$3.7 billion in 2021 to J$3.2 billion in 2022, representing a decline of 15%. Net profits attributable to shareholders reflected a decrease of 16% or J$502 million, moving from J$3.2 billion in 2021 to J$2.7 billion at the end of 2022.

Earnings per stock unit decreased to $1.89 from $2.24 in 2021.

Kingston Wharves holds a strong cash position that is denominated primarily in United States dollars. Our cash holdings broadly align with the currency in which the costs associated with our long term capital investment plan are denominated. In general, over the years, the enterprise has booked a foreign exchange gain in connection with these holdings. In 2022, the appreciation of the Jamaican dollar, relative to the US dollar, led to an exchange loss at the reporting date of $177 million; whereas in the prior year the business booked an exchange gain of $432 million (representing a year-on-year adverse swing of $609 million). The Group's net profit before taxes excluding the effects of the aforementioned foreign exchange losses increased 1.6% relative to the prior year.

In 2022 cargo volumes increased substantially, particularly in the transhipment area of the business. The variable costs associated with the aforementioned growth in cargo volumes coupled with the major inflationary increases experienced during the year contributed to the unusual higher expenses for fuel, utilities and repairs and maintenance. Global shipping challenges caused increased dwell time for cargo which results in over capacity of the port and as such contributed to the increased cost of operations.

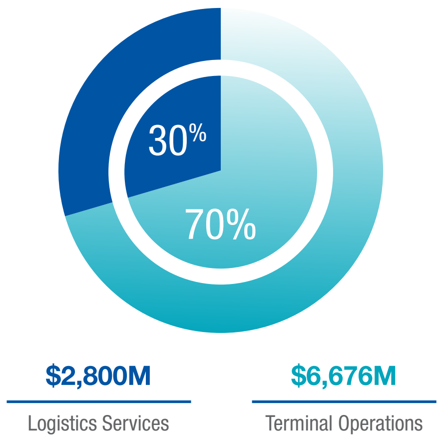
Terminal Operations

The annual operating revenue for KWL's Terminal Operations Division amounted to $7.6 billion, a year-on-year increase of 12%. Operating profit for the Terminal Operations Division was $2.4 billion, a decrease of 11% in 2022 over the 2021 results. The Kingston Wharves terminal made a significant contribution to the company's results, accounting for over 70% of revenues and profits.

KWL handled increased volumes of a number of cargo types in 2022. Notably, container volumes increased significantly by 45%, with motor vehicle moves growing by 6% and breakbulk realising a marginal increase. These results underscore that Kingston Wharves remains a strategic gateway of choice for shippers moving cargo in and out of the region.

* Divisional revenues exclude intergroup transactions

Divisional Revenue ($M)



Logistics Services

KWL's Logistics Services Division contributed $3 billion in revenue compared to prior year's earnings of $2.8 billion, an increase of 7%. This division accounted for 28% of revenue for 2022. Operating profit of $831 million for the Logistics Services Division was down 27% relative to 2021.

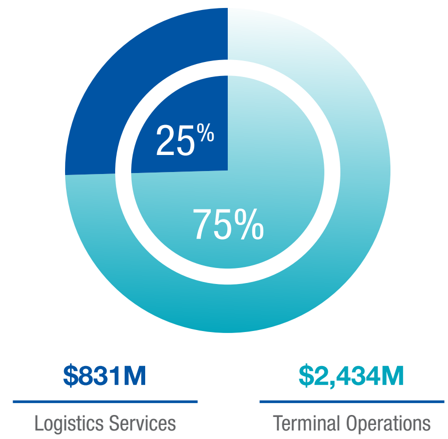
The reduction in divisional operating profits was impacted by a loss of $85 million incurred from the planned demolition of a building for the purpose of increasing cargo storage capacity and operating efficiencies. The operating performance was affected by inflationary increases in operating costs, together with a reallocation of administrative expenses which were previously accounted for in the terminal segment.

KW Logistics has positioned itself to lead on receival, warehousing and delivery of cargo for the domestic and regional markets. We benefit from ongoing strategic investment in personnel, modern purpose built logistics facilities, and integrated information technology platforms for cargo tracking, inventory management control, and handling. We continue to capitalise on our Special Economic Zone designation to maximise returns from this segment.

Financial Position

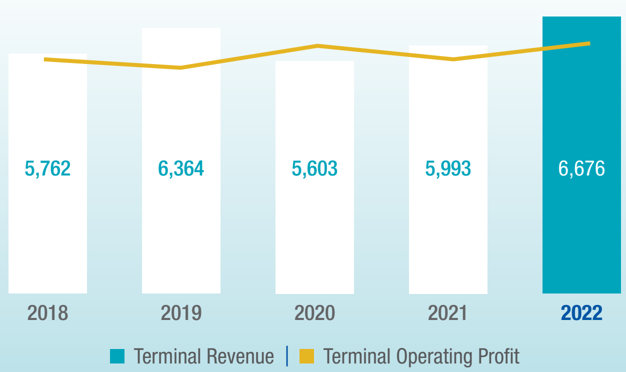
The Group has total assets of $42.7 billion which grew by 3% over the prior year despite a reduction in its Defined Benefit Pension Scheme. The Group had a $2.7 billion year over year increase in property, plant and equipment which is geared towards boosting capital infrastructure to grow capacity to fulfil customer demand and improve its customer service levels. The Group's total non-current asset levels were adversely impacted by a $1.1 billion reduction in the valuation of employee benefit asset. This

Divisional Operating Profits ($M)

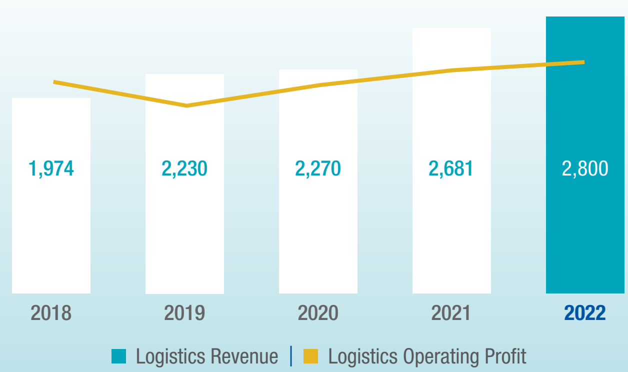


asset represents the net accounting surplus of the fair value of the assets carried by the KW Defined Benefit Pension Scheme over the fair value of the liabilities of that Pension Scheme. It is subject to an annual valuation performed by an independent qualified actuary in accordance with International Financial Reporting Standards, specifically IAS 19 "Employee Benefits". Despite the underlying net surplus of the scheme increasing by 21% to $2.1 billion at 31 December 2022 compared to 31 December 2021, showing that the plan continues to be in excellent health, a substantial increase in the discount rate used in the valuation methodology contributed to the implementation of a

Terminal Revenue & Operating Profit ($M)



Logistics Revenue & Operating Profit ($M)



Management Discussion & Analysis (CONT'D)

cap on the Group's recognition of this (the "asset ceiling"). This asset ceiling limits the Group's recognition of this surplus to $559 million, substantially below the $1.7 billion recognised in 2021. The discount rate is largely a function of the increasing interest rate environment and was exceptionally high in 2022 and as the macro economic situation improves in future years, we would expect this discount rate to reduce and hence the resultant improvement in the carrying value of the pension benefit asset.

The Group's liquidity management programme seeks to balance our funding of capital projects, debt servicing, dividend payments and to seize other opportunities where they may arise. During the year the Group generated $3.8 billion net cash from operating activities. The net cash increase for the year was $891 million after the deduction of cash used in investing and financing activities of $2.9 billion. The Group maintained its capital management strategy during the year primarily its gearing ratio. The Group benefitted from the increase in interest rates during the year and earned $409 million on its cash and bank and investment portfolios.

During the year, the Group negotiated competitive borrowing rates for funding of its major capital projects, which is structured at a fixed tiered interest rate. This is beneficial for the Group in the current increasing interest rate environment.

Total equity attributable to shareholders has increased by 2.5% from $34.9 billion to $35.8 billion, this is net of distributions to shareholders of $958 million.


CEO Mark Williams with President and CEO of Seaboard Marine Edward Gonzalez.

Dividend

KWL's dividend policy seeks to improve payment to its shareholders whilst balancing investments for future growth and organisational stability. The Group declared dividends during the year of $958 million, a 12% increase over the prior year. The dividend per stock unit increased from $0.60 to $0.67 in 2022.

Operational Performance

Kingston Wharves continues to demonstrate its commitment to world class standards and delivering value to stakeholders. Underpinned by our core values, mission and vision, we have been deliberate in addressing the key elements required for delivering service excellence and value to customers and shareholders.

In 2022, Kingston Wharves intensified its focus on operational efficiency, infrastructure readiness, technology-enabled process enhancement, and people development. These factors are intrinsic in delivering service excellence and strong financial results.

Infrastructure Readiness

Our business is built on a track record of bold initiatives to position our infrastructure to meet the demand of an increasingly sophisticated global shipping and logistics marketplace. Kingston Wharves is focused on accelerating its development plans that underpin optimised operations and improved service delivery.

KWL operates nine deep water berths on the Port of Kingston, from which the company services multi-cargo vessels, manages yard functions and serves an active gate clientele. On the logistics side, we deliver agile warehousing services to manufacturers, retailers and distributors. Our services are delivered under a Special Economic Zone regime.

In 2022, KWL embarked on another phase of its plans to build terminal and warehousing infrastructure while exploring strategies to maximize its yard capacity.

Capital Development

The flagship infrastructure development project undertaken in 2022 was the redevelopment of Berth 7, which progressed well throughout the year. The US$30 million capital investment will result in increased berthing and yard capacity with an additional 182.5m of the berth being extended by 15.24 meters to be in line with the previously redeveloped berths 8 and 9. Another aspect of the project is capital dredging to increase the depth of the berth to. This expansion will create a continuous linear quay of 549m with a depth of 13.7m. A longer continuous quay length will facilitate the simultaneous berthing of two or more Panamax size vessels.

Additional capital works to enhance berthing infrastructure was undertaken in 2022. This included installation of new fenders at several of the berths. Fenders are critical infrastructure for the safe mooring of vessels; the fender upgrade project will continue in 2023.

Yard Optimization

KWL continued the implementation of its terminal land use and optimisation programme. In 2022, we executed the third phase of the programme aimed at removing and relocating all buildings from the terminal to create additional cargo storage capacity and improve operational efficiency.

Additional pre-construction works were done by the project team for the Ashenheim Road logistics complex. Completion of the 70,000 sq. ft. dry goods warehouse and 57,000 sq. ft. of cold storage space is expected by Q4 of 2023.

Motor Vehicle Management

Increased Auto Management Capabilities

Kingston Wharves is a key provider of motor vehicle logistics services in the region. In an effort to meet increasing demand from global car carriers, KWL is bolstering its motor vehicle handling capabilities.

Chief among these measures is the construction of a state-of-the-art multi-level car storage facility in the port area. Funding was approved for this facility and technical designs and architectural drawings have commenced. The first phase of the project will be implemented in 2023 and will increase the auto storage capacity for motor vehicles.

The Global Auto Logistics Centre at Tinson Pen continues to fulfil its role as a near port auto services centre that provides motor vehicle inventory management and domestic delivery services as well as carries out Special Economic Zone regime operations. With a view to further streamlining and strengthening its motor vehicle operations, KWL has expanded its real estate footprint in the industrial district. Kingston Wharves commenced the process to establish another near port facility in proximity to the Tinson Pen facility to further expand auto storage capacity. This extension along with the multi-level car park will add approximately 3500-motor unit capacity to our offerings. This will enhance our value proposition to global autoliners.

Enhancing Logistics Infrastructure

Kingston Wharves has positioned itself as a lead nearshoring provider for distributors and retailers seeking agile logistics solutions. Our suite of customised services include, FCL and LCL cargo handling, inventory management, order fulfilment, order picking and packing, postponement services, customised freight transportation and distribution services, warehousing and returns among others.

Through increased use of technological solutions in the business processes, KWL continued its drive for increased volumes and productivity at both the public bonded warehouses and the logistics operations. The key solutions include increasing the e-channels available to customers and advancing efforts to increase contactless clearance processes.

Building a World-Class Workforce

Human capital development remains a key strategic objective for the KWL Group. In 2022, several training and development initiatives were embarked on. These were geared at building professional and technical competence to create and maintain professional and skilled workforce. The key programmes implemented in 2022 were geared toward technical certification, leadership development and succession planning.

The organisation delivered over 107 training courses and provided education grants to several employees to pursue tertiary education. Programmes delivered included management training, safety, and other specialised terminal and warehousing skills.

Management Discussion & Analysis (CONT'D)

We have strived to build professionalism in the shipping industry, by placing emphasis on technical certification, training, experience and academic achievement. This has resulted in an increasingly competitive human resource landscape across shipping locally, and continues to require us to put in place the right measures to attract and retain the best and brightest in the field.

In 2022, training and certification were pursued as essential elements of the company's succession planning and employee development and retention strategy. Leadership development remains a priority for KWL, as the organisation focuses on succession planning, building capacity and a globally competitive team for the future.

A number of high potential employees benefited from leadership training such as Stepping Up to Management; Harvard Management Mentorship and Supervisory Management programmes. These measures were aimed at equipping team members to form part of the next generation of leaders and to play a greater role in organisational success.

Customer Experience

Fostering an unmatched customer experience requires an integrated approach combining a highly trained and professional team, technology-enabled processes, efficient operations and measures to provide customers a safe and secure environment in which to conduct business. In 2022, KWL continued the drive to foster a culture of customer service excellence through investment in critical areas of the business, spanning the modernisation of front and back office customer service tools; safety and security measures, and enhanced processes across all business segments.

Contactless Cargo Clearance

Click N Collect continued to be KWL's flagship e-commerce solution, allowing customers the convenience of doing business online rather than being physically present at the wharf. With the introduction of Click N Collect, and a range of e-commerce solutions, KWL has made strides in the use of digital technology in its operations.

In 2022, we grew the number of electronic transactions by over 120%. A total of 51% of the revenue collected by KWL in 2022 was done electronically. Other e-commerce services included the KW Mobile App, KW Webpay and wire transfer.

As pioneers in e-commerce in the shipping industry in Jamaica, KWL has remained committed to partnering with the wider industry. We participated in the Jamaica Customs Agency's Contactless Cargo Clearance Process (CCCP) pilot initiative. This was carried out across all public bonded warehouses in the island, which commenced in November 2022. The project included the identification and separation of a designated area for CCCP inspection, electronic submission of documents and online payment mechanisms. It also involved testing of a paperless inspection regime by Customs Officers and a fast-

track process for the delivery of cargo. KWL trained team members to deliver the CCCP service, which saw a total of seven agents utilising the service.

Based on the success of the pilot, the CCCP service was extended to customers until January 6, 2023, after which the project was to be evaluated and any necessary improvements made for implementation in 2023.

KWL is moving to become paperless in executing the cargo clearance process by optimising both the KWL Click N Collect and the Jamaica Customs Agency Contactless Cargo Service. Additional upgrading will facilitate greater integration between KWL and the JCA's ASYCUDA system, allowing for more efficient data management, information sharing and reduction in the use of physical documentation.

Leading in Digital Technology

In addition to e-commerce, we are market leaders in the utilisation of digital technology in all aspects of our business. In 2022, KWL began the process of upgrading its Terminal Operating System to enable greater integration with platforms such as the Port Community System and the Port Management Operating System.

These improvements will support faster turnaround of cargo offloading, loading, processing and clearance, and subsequently assist in boosting vessel and berthing efficiency.

Security

Kingston Wharves' dynamic and robust security programme was maintained in 2022, ensuring strong reinforcement to the various business functions through a suite of countermeasures and solutions.

We employed digital solutions in monitoring and surveillance, sharpened the skills and vigilance of KWL's security team while maintaining the International Ship and Port Facility Security Code (ISPS) certification.

KWL actively continued to partner with local and international law enforcement agencies as part of a robust transnational security apparatus. This collaborative approach has helped to safeguard the integrity of our business and operations on the Port of Kingston while protecting Jamaica's reputation as a shipping destination.

A Safety Culture

The Safety, Health and Environment programme in the KWL context is a multi-dimensional issue that is concerned with fostering a culture of positive work execution within the organisation, but also ensuring that the company becomes a safety leader in the wider industry.

Management Discussion & Analysis (CONT'D)

Given the critical nature of safety as a basic element of port operations, KWL continues to place emphasis on this area. A key goal of our Safety, Health and Environment programme in 2022 was to reduce the number of safety incidents and build a safety culture. A significant number of safety drills and training were carried out in 2022 to equip the team to reduce incidents and foster greater awareness.

Environmental Management

Environmental protection is a growing safety and governance matter within the KWL group. As a result, climate change adaptation, mitigation and conservation have been integrated into the company's strategic planning.

Climate change is a defining environmental and safety issue for KWL, given the fact that seaports are vulnerable due to their location on the coastline. The key climate change threats are sea level rise, the frequency and intensity of severe weather such as storms and hurricanes, and the potential for storm surges and tsunamis. These developments could result in a significant human toll and economic cost through catastrophic damage and loss of port infrastructure and equipment.

KWL is employing a number of adaptation and mitigation strategies, namely a climate change vulnerability assessment study and climate change adaptation strategy. With respect to implementing sound environmental practices, KWL has also begun work on establishing a baseline for its carbon footprint. The company continues its plastic recycling programme where bottles are separated from the regular waste and transported to a local recycling plant.

Recognising the risk of extreme sea level rise, KWL conducts routine tsunami warning exercises, general emergency drills and disaster preparedness. We also have a cohesive severe weather communication plan that informs how we engage our stakeholders in the case of a major weather event.

OUTLOOK – Berthing Success

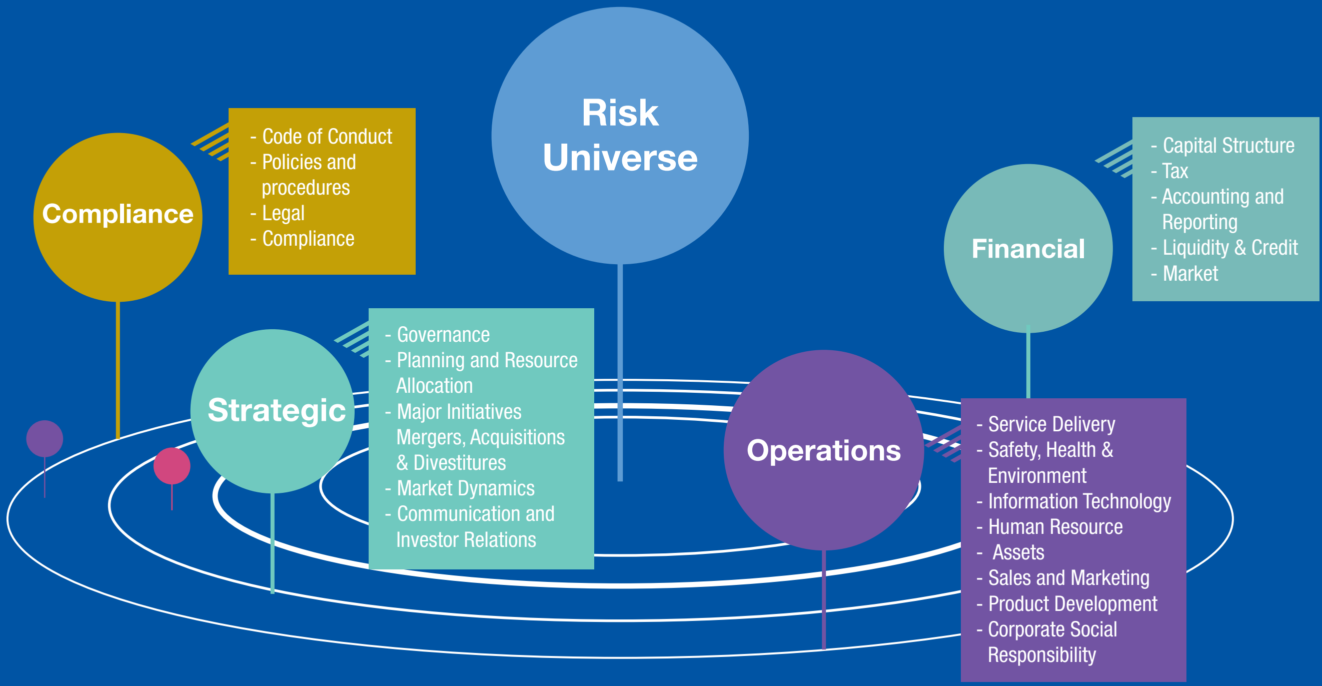
Global shipping is operating in a new paradigm, where the traditional and reliable supply chain cycles have been challenged. Geo-political instability such as the Russia-Ukraine war and other similar risks of unrest persist, while the world is ever mindful of the potential for another health crisis and global economic recession. These are defining factors that could impact shipping in 2023.

Given the prevailing global context, we are determined to continue our pursuit of an aggressive growth strategy to minimise the impact from potential global shocks. We will maximise critical growth opportunities that would lead to improved operational performance, service delivery and profitability for our company. We are optimistic that we will continue to "berth" major success this year.

In 2023, we will accelerate measures geared at infrastructure readiness, technology-based process optimisation and human capital development as part of our move to boost competitiveness to better service existing clients and attract new business.

The Berth 7 Redevelopment project, is slated to be completed in 2023. Combined with other improvements to docking facilities also expected to be completed, we are poised to deliver a superior berthing experience to our vessel clientele and add to our attractiveness as a shipping destination of choice locally and internationally.

We are also moving with alacrity to continue consolidating our growing reputation as an expert transshipment hub by investing in our motor vehicle management capabilities, with plans to extend our near port auto logistics footprint and engaging in greenfield construction. Top priority is the construction of a 2000-capacity multi-level car storage facility and establishment of a1500-capacity near-port car park as an adjunct to the Global Auto Logistics Centre at Tinson Pen.



ENTERPRISE RISK MANAGEMENT: Kingston Wharves takes a comprehensive view of its risks to formulate effective strategies to maximise opportunities while managing and mitigating potential threats to the business.

The warehousing and logistics segment is poised for growth, with the construction of our 3PL Warehouse and Cold Storage at Ashenheim Road in Kingston. This project will expand KWL's warehousing capacity beyond 400,000 square ft. These strategic investments are also vital to raising service levels for our Less than Container Load (LCL) and Full Container Load Customers who expect efficient solutions to their supply chain needs.

Building efficiencies into our operations through technology-enabled mechanisms is vital to elevating our competitive advantage and achieving service excellence. In 2023, we will advance full steam ahead with the roll out of our upgraded Terminal Operating System to revolutionise the planning, off-loading and loading of vessels on our terminal, leading to greater berthing efficiency. We are anticipating significant impact on both our transhipment and domestic operations.

There are nefarious elements in the global environment that continue to pose a risk to shipping, and as a result we are resolute in staying ahead of the game through technology and building human capabilities. The Integrated Electronic Security Management Programme, which has boosted detection, surveillance capabilities and effected greater access control, will continue to form a robust line of defence against local and trans-national threats.

Environmental, social and governance matters will also be key factors for KWL in 2023. We will strengthen our management and governance framework by bolstering our risk management apparatus and instituting a mechanism to ensure compliance with the Data Protection Act. This move will be backed by a central data repository for streamlined data management and the use of Power Business Intelligence and other analytical tools aimed at providing quantifiable data in support of the company's strategic plans and service delivery.

In keeping with our intensified focus on sound environmental stewardship, we expect to make significant progress on our climate change vulnerability assessment study and climate change adaptation strategy while implementing an energy management programme. We will also seek to make progress in establishing a baseline for KWL's carbon footprint.

Our employees are at the centre of all our strategic plans, requiring us to continue to make investments in their development. We maintain focus on honing skills and talents to effectively deliver world class service and operational excellence to drive competitiveness. Leadership training, specialised terminal and warehousing skills upgrading and programmes to impart life-skills, will also be delivered. The deployment of KWL's virtual learning management system will be fully implemented, giving employees access to training and related information at their fingertips.

With a well-equipped workforce, streamlined processes, technological investments and the coalescing of a number of significant infrastructure projects, KWL is positioned to exceed its growth and profitability targets for 2023, while continuing to build on its solid foundation to "berth" success and achieve boundaryless results.

Business Highlights

Forging Solid Partnerships

Shipping is a collaborative endeavour. Kingston Wharves has forged significant alliances both within the sector and the wider economy. These partnerships have fuelled organisational growth while enabling the company to expand its impact and reach locally and globally.

In 2022, we continued to engage with business partners to explore investment opportunities, showcase our operations and strengthen partnerships. These activities are important for us to remain connected and transparent as part of the private sector and the global shipping industry.

01

01. KWL's CEO Mark Williams (left) and Professor Gordon Shirley (centre). President and CEO of the Port Authority of Jamaica aboard the Ocean Kingston Pride with the team from that tug company.

Business Highlights

02. KWL's CEO Mark Williams and other KWL officials hosting Seaboard Marine's CEO Edward Gonzalez and other executives. **03.** CEO Mark Williams welcomed a delegation from the United States led by Robert Manogue (4th from left), Director of Economic and Business Affairs, US State Department. Other officials from left are, Commercial and Logistics Manager Alfred McDonald; Clover Moodie, Group CFO at KWL; Valrie Campbell, Director of Terminal Operations, KWL; Joe James, Economic Commercial Officer, US State Department; Danielle Barnes, Commercial Specialist and Rahseeda Hall-Hanson, Agricultural Specialists, both from the US State Department.

01

02

03

04

05

Kingston Wharves continued to engage shareholders through the AGM and other avenues during the course of the year.

01. CEO and non-independent Director Mark Williams and CFO Clover Moodie with members of the Board- Kathleen Moss; Chairman Jeffrey Hall; Charles Johnston; Roger Hinds; Brue Brecheisen, Charmaine Maragh and Deputy Chairman Grantley Stephenson. **02.** KWL Director Roger Hinds share a friendly conversation with Shareholder Orrett Staple. **03.** Clover Moodie with Leighton McKnight and Allison Bernard of PricewaterhouseCoopers. **04.** Shareholder Livingston Young makes a point. **05.** Chairman Hall answers questions.

Corporate Social Responsibility

Commitment to Good Corporate Citizenship

Kingston Wharves places a premium on being a good corporate citizen, demonstrating this commitment through investments in education, youth, sports, the environment and community development. Our flagship outreach initiative is the Kingston Wharves Under-15 Cricket Competition, organised through the Jamaica Cricket Association.

Support for Youth Cricket

As title sponsors for over 30 years, KWL is proud of the wide impact of the competition in honing cricketing talent, building character and setting youngsters on a firm path to future success. A number of current and past regional cricketing greats have passed through the competition; so too have sport administrators and other leaders in various areas of the society.

After a two-year break due to the COVID-19 pandemic, the competition returned in full-force. KWL was there to give its full support as title sponsors, leading to another successful staging of the competition. During the year when the competition was on a break, the company sponsored the young cricketers' preparation to participate in a regional youth tournament that afforded them exposure to the international arena. KWL remains focused on being an integral part of the U-15 competition.

Education and Social Welfare

Our involvement with the Union Gardens Early Childhood institution dates back over a decade. Driven by a belief that the formative years of child's life shape his or her development for life, we have been consistent in our support for the school. In 2022, we provided monetary assistance towards restarting the reading programme at the school. This initiative facilitated remedial work and renewed emphasis on literacy following the academic time lost due to the COVID-19 pandemic.

Members of the KWL management show solidarity with breast cancer survivors. L-r, Group CFO Clover Moodie, IT Specialist Lancelot Green; Commercial and Logistics Manager Alfred McDonald and Corporate Services and Client Experience Manager Simone Murdock.

The Kingston Wharves Under-15 Cricket Competition returned after a two-year break due to the pandemic. Commercial and Logistics Manager at KWL and Jamaica Cricket Association President Wilford "Billy"Heaven celebrate with the St. Mary team that won the competition.

Social welfare also received attention, with KWL donating funds for the staging of the Missionaries of the Poor's annual fundraising event in 2022. We have assisted Father Ho Lung and the team at Missionaries of the Poor over the years, given their dedication to the most vulnerable in society.

Continuing from the previous year, in 2022, we remained committed to lending our organisational machinery to the national vaccination effort by staging blitzes targeting the port community. In collaboration with the Ministry of Health, the Port Authority of Jamaica and other shipping partners, KWL assisted in vaccinating over 1200 persons from the port community and surrounding areas.

Stewarding Our Environment

Environmental protection is key to the long-term sustainability of the shipping sector and planet. During the year, we embarked upon a recycling programme that involved recycle bins being placed at strategic locations for plastic bottle collection. Bottles were then transported to the recycling facility as a way of managing waste and contributing to the country's environmental protection.

An effective corporate social responsibility strategy is not just about what we do, but how we do what we do. We will continue to ensure that our practices are sustainable and take into consideration engaging and empowering members of our community.

Corporate Data

CHAIRMAN

Jeffrey Hall

CHIEF EXECUTIVE OFFICER

Mark Williams

AUDITORS

KPMG – Chartered Accountants

6 Duke Street,
Kingston, Jamaica, W.I.

DIRECTORS

Jeffrey Hall CHAIRMAN

Grantley Stephenson DEPUTY CHAIRMAN

Mark Williams CEO

Bruce Brecheisen

Kim Clarke

Roger Hinds

Charles Johnston

Charmaine Maragh

Kathleen Moss

Robert Scavone

Dorian Valdes

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

Jamaica Central Securities Depository Limited

40 Harbour Street
Kingston

CORPORATE SECRETARY

Stephan Morrison

195 Second Street
Newport West
Kingston 13, Jamaica
Email: stephan.morrison@kwljm.com
Tel: (876) 923-9211

ADMINISTRATIVE OFFICES

Total Logistics Facility

195 Second Street
Newport West
Kingston 13, Jamaica
Tel: (876) 923-9211

ATTORNEYS-AT-LAW

Hylton & Hylton

19 Norwood Avenue
Kingston 5

Hylton Powell

11A Oxford Road
Kingston 5

Nunes, Scholefield, DeLeon & Co.

6A Holborn Road
Kingston

Shareholdings

TOP TEN SHAREHOLDERS
as at December 31, 2022

Names	Shareholding	% of Capital
Jamaica Producers Group Ltd	601,184,005	42.03
S.B.D. LLC	300,689,810	21.02
Kingston Portworkers Superannuation Fund	123,844,292	8.66
SAJE Logistics Infrastructure Limited	113,169,157	7.91
Maritime & Transport Services Ltd	68,125,418	4.76
Sagicor Pooled Equity Fund	37,859,889	2.65
Lannaman & Morris (Shipping) Ltd	28,845,258	2.02
Guardian Life Limited	21,844,844	1.53
Panjam Investment Limited	11,064,715	0.77
NCB Insurance CO LTD. - A/C WT 181	9,000,000	0.63
	1,315,627,388	91.99

SENIOR MANAGERS' SHAREHOLDINGS
as at December 31, 2022

Names	Shareholding	Connected	Total
Valrie Campbell	35,723	-	35,723
Lancelot Green	3,900	-	3,900
Alfred McDonald	NIL	-	NIL
Frances Mighty-Hutchinson	NIL	-	NIL
Clover Moodie	76,000	-	76,000
Stephan Morrison	NIL	-	NIL
Simone Murdock	NIL	-	NIL
Captain George Reynolds	NIL	-	NIL
Denise Walcott-Samuels	NIL	-	NIL

DIRECTORS' SHAREHOLDINGS
as at December 31, 2022

Names	Shareholding	Connected	Shareholding	Total
Bruce Brecheisen	NIL	S.B.D. LLC	300,689,810	300,689,810
Kim Clarke	NIL	Maritime & Transport Services Ltd.	68,125,418	
		SAJE Logistics Infrastructure Limited	113,169,157	
		A.E. Parnell Company Limited	4,277,776	185,572,351
Jeffrey Hall	NIL	Jamaica Producers Group Limited	601,184,005	
		SAJE Logistics Infrastructure Limited	113,169,157	714,353,162
Marshall Hall	NIL	Jamaica Producers Group Limited	601,184,005	601,184,005
Roger Hinds	NIL	Transocean Shipping Limited	1,481,481	
		SAJE Logistics Infrastructure Limited	113,169,157	114,650,638
Charles Johnston	57,160	Jamaica Fruit & Shipping Limited	381,068	
		Jamaica Producers Group Limited	601,184,005	
		SAJE Logistics Infrastructure Limited	113,169,157	714,791,390
Charmaine Maragh	NIL	Lannaman & Morris Shipping Ltd.	28,845,258	28,845,258
Kathleen Moss	2,000	Jamaica Producers Group Limited	601,184,005	
		Panjam Investment Limited	11,064,715	612,250,720
Robert Scavone	NIL			NIL
Grantley Stephenson	194,981	SAJE Logistics Infrastructure Limited	113,169,157	113,364,138
Dorian Valdes	NIL			NIL
Mark Williams	267,888			267,888

KINGSTON WHARVES LIMITED

Financial Statements

Year ended 31 December 2022

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Financial Statements

KPMG
Chartered Accountants
P.O. Box 436
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
KINGSTON WHARVES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Kingston Wharves Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 60 to 128 which comprise the Group's and the Company's statements of financial position as at December 31, 2022, the Group's and the Company's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at December 31, 2022, and of the Group's and the Company's financial performance and cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON WHARVES LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of employee benefits asset

The Group operates a defined benefit retirement scheme and provides other unfunded retirement benefits. Significant estimates are made in valuing the group's employee benefit asset and obligations.

Given the value of the assets and liabilities, small changes in the assumptions can have a material financial impact on the group. The key assumptions involved in calculating employee benefit asset and obligations are discount rates, inflation, and future increases in salaries and pensions.

Management appointed an external actuarial expert to assist in measuring the employee benefit asset and obligations at the reporting date.

The use of significant assumptions increases the risk that management's estimate can be materially misstated.

[see notes 2(s), 4 and 21 to the financial statements].

How the matter was addressed in our audit

Our audit procedures in response to this matter, included

- Evaluating the independence and objectivity of the appointed actuarial expert.
- Using our own actuarial specialists to assist in determining that the actuarial valuation was performed in accordance with the requirements of IAS 19 *Employee Benefit*s.
- Testing employee data provided by management to the actuarial expert.
- Assessing key assumptions used by the actuary, including inflation and discount rates, by comparing them to information from independent sources.
- Confirming a selection of the plan assets with the custodians of the assets and recomputing their fair values by reference to independent prices and yield curves.
- Assessing whether disclosures in the financial statements are appropriate in respect of the Group's employee benefit arrangements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON WHARVES LIMITED

Report on the Audit of the Financial Statements (continued)

Other matter

The financial statements of the Group and the Company as at and for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on March 1, 2022.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance *for the Financial Statements*

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON WHARVES LIMITED

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance *for the Financial Statements (continued)*

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 58-59, forms part of our auditors' report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON WHARVES LIMITED

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The partner on the audit resulting in this independent auditors' report is Sandra Edwards.

KPMG

Chartered Accountants
Kingston, Jamaica

March 1, 2023

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON WHARVES LIMITED

Appendix to the Independent Auditors' report

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
KINGSTON WHARVES LIMITED

Appendix to the Independent Auditors' report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KINGSTON WHARVES LIMITED

Group Statement of Comprehensive Income

Year ended 31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue		9,476,406	8,674,001
Direct costs		(4,999,185)	(4,278,883)
Gross Profit		4,477,221	4,395,118
Other operating income	8	505,267	679,779
Administration expenses		(1,716,997)	(1,206,161)
Operating Profit		3,265,491	3,868,736
Finance costs	9	(101,892)	(149,390)
Profit before Tax		3,163,599	3,719,346
Tax expense	10	(425,129)	(468,501)
Net Profit for Year		2,738,470	3,250,845
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Changes in fair value of investments at fair value through other comprehensive income	20	-	(87,495)
Re-measurements of post-employment benefits	21	(1,008,652)	114,921
Deferred tax effect on re-measurements of post-employment benefits	30	126,082	(14,365)
Effect of change in tax rate on deferred taxation on revaluation surplus		-	108,666
		(882,570)	121,727
Total Comprehensive Income for Year		1,855,900	3,372,572
Net Profit Attributable to:			
Equity holders of the company	11	2,694,027	3,195,882
Non-controlling interest	12	44,443	54,963
		2,738,470	3,250,845
Total Comprehensive Income Attributable to:			
Equity holders of the company		1,811,457	3,317,609
Non-controlling interest	12	44,443	54,963
		1,855,900	3,372,572
Earnings per stock unit of profit attributable to the equity holders of the company during the year	13	$1.89	2.24

Group Statement of Financial Position

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-current Assets			
Property, plant and equipment	15	29,299,590	27,510,200
Right-of-use assets	16	43,963	109,909
Investment property	17	544,865	552,783
Intangible assets	18	46,222	76,439
Financial assets at fair value through other comprehensive income	20	449,617	449,617
Deferred income tax assets	30	4,267	8,765
Retirement benefit asset	21	558,899	1,698,874
		30,947,423	30,406,587
Current Assets			
Inventories	22	572,780	442,923
Trade and other receivables	24	841,936	868,765
Taxation recoverable		42,640	30,482
Short term investments	25	9,632,840	9,077,893
Cash and bank	25	642,950	480,393
		11,733,146	10,900,456
Total Assets		42,680,569	41,307,043

KINGSTON WHARVES LIMITED

Group Statement of Financial Position (CONT'D)

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
EQUITY			
Stockholders' Equity			
(attributable to equity holders of the company)			
Share capital	26	1,976,298	1,970,228
Other reserves	27	18,951,686	18,939,107
Asset replacement/rehabilitation and depreciation reserves	28	217,577	217,024
Retained earnings		14,682,011	13,841,920
		35,827,572	34,968,279
Non-controlling Interest	12	315,497	271,054
		36,143,069	35,239,333
LIABILITIES			
Non-current Liabilities			
Borrowings	29	1,633,056	1,488,669
Lease liabilities	16	-	72,927
Deferred income tax liabilities	30	1,514,386	1,700,180
Retirement benefit obligations	21	258,749	396,749
		3,406,191	3,658,525
Current Liabilities			
Trade and other payables	31	2,165,247	1,668,673
Taxation		66,108	137,289
Borrowings	29	855,613	557,997
Lease liabilities	16	44,341	45,226
		3,131,309	2,409,185
Total Equity and Liabilities		42,680,569	41,307,043

Approved for issue by the Board of Directors on March 1, 2023 and signed on its behalf by:

Jeffrey Hall — Chairman

Grantley Stephenson — Deputy Chairman

Group Statement of Changes in Equity

Year ended 31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital	Other Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total	Non-controlling Interest	Total Equity
		Attributable to Equity Holders of the Company						
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2020		2,043,744	18,905,357	216,761	11,416,470	32,582,332	216,091	32,798,423
Net profit for the year		-	-	-	3,195,882	3,195,882	54,963	3,250,845
Other comprehensive income		-	21,171	-	100,556	121,727	-	121,727
Total comprehensive income for year		-	21,171	-	3,296,438	3,317,609	54,963	3,372,572
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	28	-	-	263	(263)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Acquisition of treasury shares	26	(78,000)	-	-	-	(78,000)	-	(78,000)
Sale of treasury shares		4,484	-	-	-	4,484	-	4,484
Dividends	14	-	-	-	(858,146)	(858,146)	-	(858,146)
Balance at 31 December 2021		1,970,228	18,939,107	217,024	13,841,920	34,968,279	271,054	35,239,333
Net profit for the year		-	-	-	2,694,027	2,694,027	44,443	2,738,470
Other comprehensive income		-	-	-	(882,570)	(882,570)	-	(882,570)
Total comprehensive income for year		-	-	-	1,811,457	1,811,457	44,443	1,855,900
Transfer of net interest to asset replacement/ rehabilitation and depreciation reserves	28	-	-	553	(553)	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-	-	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-	-	-
Transactions with owners:								
Sale of treasury shares		6,070	-	-	-	6,070	-	6,070
Dividends	14	-	-	-	(958,234)	(958,234)	-	(958,234)
Balance at 31 December 2022		1,976,298	18,951,686	217,577	14,682,011	35,827,572	315,497	36,143,069

KINGSTON WHARVES LIMITED

Group Statement of Cash Flows

Year ended 31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Net profit		2,738,470	3,250,845
Adjustments for:			
Amortisation	18	30,217	31,933
Depreciation – investment property	17	7,918	7,918
Depreciation – property, plant and equipment	15	857,813	825,614
Depreciation – leased asset	16	65,946	65,946
Foreign exchange losses/(gains) on operating activities		177,511	(432,165)
Loss/(gain) on disposal of property, plant and equipment		85,356	(1,367)
Retirement benefit asset		(53,032)	(68,123)
Retirement benefit obligations		46,355	46,252
Interest income	8	(409,217)	(244,784)
Finance costs	9	101,892	149,390
Taxation	10	425,129	468,501
		4,074,358	4,099,960
Changes in operating assets and liabilities:			
Inventories		(129,857)	(29,071)
Trade and other receivables		26,829	(167,465)
Trade and other payables		410,946	276,497
Cash provided by operations		4,382,276	4,179,921
Taxes paid		(563,691)	(396,453)
Net cash provided by operating activities		3,818,585	3,783,468
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(2,732,559)	(1,097,261)
Purchase of intangible assets	18	-	(3,897)
Proceeds from sale of property, plant and equipment		-	1,367
Short term deposits with maturities in excess of three months		-	140,769
Interest received		416,308	230,403
Net cash used in investing activities		(2,316,251)	(728,619)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(872,606)	(814,693)
Acquisition of treasury shares		-	(78,000)
Sale of treasury shares	26	6,070	4,484
Interest paid		(95,628)	(104,180)
Lease payments made		(90,204)	(94,943)
Loan proceeds		1,000,000	850,000
Loans repaid		(557,997)	(484,075)
Net cash used in financing activities		(610,365)	(721,407)
Net increase in cash and cash equivalents		891,969	2,333,442
Net cash and cash equivalents at beginning of year		9,558,286	6,793,720
Exchange adjustment on foreign currency cash and cash equivalents		(174,465)	431,124
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	25	10,275,790	9,558,286

Company Statement of Comprehensive Income

Year ended 31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue		7,959,492	7,744,056
Direct expenses		(4,101,313)	(3,523,846)
Gross Profit		3,858,179	4,220,210
Other operating income	8	549,962	614,072
Administration expenses		(1,610,217)	(1,165,197)
Operating Profit		2,797,924	3,669,085
Finance costs	9	(122,471)	(144,274)
Profit before Tax		2,675,453	3,524,811
Tax expense	10	(373,615)	(419,741)
Net Profit for Year		2,301,838	3,105,070
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Changes in fair value of investments at fair value through other comprehensive income	20	-	(58,449)
Re-measurements of post-employment benefits	21	(1,008,652)	114,921
Deferred tax effect on re-measurements of post-employment benefits	30	126,082	(14,365)
Total other comprehensive income, net of taxes		(882,570)	42,107
Total Comprehensive Income for Year		1,419,268	3,147,177

KINGSTON WHARVES LIMITED

Company Statement of Financial Position

Year ended 31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
ASSETS			
Non-current Assets			
Property, plant and equipment	15	22,975,564	20,955,268
Right-of-use assets	16	151,037	148,542
Intangible assets	18	44,872	74,320
Investments in subsidiaries	19	75,731	75,731
Financial assets at fair value through other comprehensive income	20	300,353	300,353
Group companies	23	531,606	708,182
Retirement benefit asset	21	558,899	1,698,874
		24,638,062	23,961,270
Current Assets			
Inventories	22	568,969	440,678
Trade and other receivables	24	569,388	687,638
Group companies	23	283,911	172,556
Short term investments	25	8,116,284	7,797,626
Cash and bank	25	299,346	342,787
		9,837,898	9,441,285
Total Assets		34,475,960	33,402,555

Company Statement of Financial Position (CONT'D)

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
EQUITY			
Stockholders' Equity			
Share capital	26	1,976,298	1,970,228
Other reserves	27	11,916,936	11,904,357
Asset replacement/rehabilitation and depreciation reserves	28	212,968	212,968
Retained earnings		14,364,113	13,915,658
		28,470,315	28,003,211
LIABILITIES			
Non-current Liabilities			
Borrowings	29	1,631,604	1,487,217
Lease liabilities	16	68,048	72,928
Deferred income tax liabilities	30	948,266	1,083,959
Retirement benefit obligations	21	258,749	396,749
		2,906,667	3,040,853
Current Liabilities			
Trade and other payables	31	2,079,024	1,555,452
Group companies	23	45,113	21,608
Taxation payable		36,124	134,800
Borrowings	29	855,613	557,997
Lease liabilities	16	83,104	88,634
		3,098,978	2,358,491
Total Equity and Liabilities		34,475,960	33,402,555

Approved for issue by the Board of Directors on March 1, 2023 and signed on its behalf by:

Jeffrey Hall Chairman

Grantley Stephenson Deputy Chairman

KINGSTON WHARVES LIMITED

Company Statement of Changes in Equity

Year 31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	Share Capital $'000	Other Reserves $'000	Asset Replacement/ Rehabilitation and Depreciation Reserves $'000	Retained Earnings $'000	Total $'000
Balance at 31 December 2020		2,043,744	11,950,227	212,968	11,580,757	25,787,696
Net profit for the year		-	-	-	3,105,070	3,105,070
Other comprehensive income		-	(58,449)	-	100,556	42,107
Total comprehensive income for year		-	(58,449)	-	3,205,626	3,147,177
Transfer to asset replacement/ rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-
Transfer from asset replacement rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-
Transactions with owners:						
Acquisition of treasury shares	26	(78,000)	-	-	-	(78,000)
Sale of treasury shares		4,484	-	-	-	4,484
Dividends	14	-	-	-	(858,146)	(858,146)
Balance at 31 December 2021		1,970,228	11,904,357	212,968	13,915,658	28,003,211
Net profit for the year		-	-	-	2,301,838	2,301,838
Other comprehensive income		-	-	-	(882,570)	(882,570)
Total comprehensive income for year		-	-	-	1,419,268	1,419,268
Transfer to asset replacement/ rehabilitation and depreciation reserves	28	-	-	12,579	(12,579)	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	28	-	12,579	(12,579)	-	-
Transactions with owners:						
Sale of treasury shares		6,070	-	-	-	6,070
Dividends	14	-	-	-	(958,234)	(958,234)
Balance at 31 December 2022		1,976,298	11,916,936	212,968	14,364,113	28,470,315

Company Statement of Cash Flows

Year ended 31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Net profit		2,301,838	3,105,070
Adjustments for:			
Amortisation	18	29,448	31,092
Depreciation – property, plant and equipment	15	682,289	648,334
Depreciation – leased asset	16	131,712	130,755
Foreign exchange losses/(gains) on operating activities		160,623	(357,518)
Gain on disposal of property, plant and equipment	8	-	(1,367)
Retirement benefit asset		(53,032)	(68,123)
Retirement benefit obligations		46,355	46,252
Interest income	8	(362,878)	(247,721)
Finance costs	9	122,471	144,274
Taxation	10	373,615	419,741
		3,432,441	3,850,789
Changes in operating assets and liabilities:			
Inventories		(128,291)	(29,338)
Group companies		88,726	(3,970)
Trade and other receivables		118,250	(85,420)
Trade and other payables		437,945	226,400
Cash provided by operations		3,949,071	3,958,461
Taxes paid		(481,902)	(325,704)
Net cash provided by operating activities		3,467,169	3,632,757
Cash flows from investing activities			
Purchase of property, plant and equipment	15	(2,702,585)	(1,087,613)
Purchase of intangible assets	18	-	(3,897)
Proceeds from sale of property, plant and equipment		-	1,367
Short term deposits with maturities in excess of three months	25	-	140,769
Interest received		374,933	233,708
Net cash used in investing activities		(2,327,652)	(715,666)
Cash flows from financing activities			
Dividends paid to equity holders of the company		(872,606)	(814,693)
Acquisition of treasury shares		-	(78,000)
Sale of treasury shares	26	6,070	4,484
Interest paid		(95,628)	(85,677)
Lease payments		(160,492)	(168,955)
Loan proceeds		1,000,000	850,000
Loans repaid		(557,997)	(484,075)
Net cash used in financing activities		(680,653)	(776,916)
Net increase in cash and cash equivalents		458,864	2,140,175
Net cash and cash equivalents at beginning of year		8,140,413	5,619,953
Exchange adjustment on foreign currency cash and cash equivalents		(183,647)	380,285
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	25	8,415,630	8,140,413

Notes to the Financial Statements

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activities

The company and its subsidiaries (the Group) are incorporated and domiciled in Jamaica. The principal activities of the company and its subsidiaries consist of the operation of public wharves, stevedoring, logistics services and security services. 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 Total Logistics Facility, 195 Second Street, Newport West, Kingston. The company is a public company listed on the Jamaica Stock Exchange.

2. 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

The consolidated financial statements of the Group and the financial statements of the company standing alone (together referred to as the financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB), and comply with the Jamaican Companies Act ("the Act").

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain items of property, plant and equipment and financial assets at fair value through other comprehensive income.

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 concluded that none were relevant to its operations.

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 2022 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 and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

2. Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

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

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction,** (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

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.

(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.

In the company stand-alone financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (continued)

(b) Consolidation (continued)

Subsidiaries (continued)

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 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.

The subsidiaries, which are all incorporated and domiciled in Jamaica (except KWGHSLL which is incorporated and domiciled in St. Lucia), are as follows:

	Principal Activities	Holding by Company	Holding by Group	Financial Year End
Harbour Cold Stores Limited	Rental of 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
KWL Group Holdings (St Lucia) Limited (KWGHSLL)	Non-Trading	100%	100%	31 December
Kingston Terminal Operators Limited	Dormant	100%	100%	31 December

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (continued)

(b) Consolidation (continued)

Subsidiaries (continued)

The subsidiaries, which are all incorporated and domiciled in Jamaica (except KWGHSLL which is incorporated and domiciled in St. Lucia), are as follows (continued):

	Principal Activities	Holding by Company	Holding by Group	Financial Year End
Newport Stevedoring Services Limited	Provision of contract labour	-	100%	31 December
Kingston Wharves Group Limited	Non-Trading	-	100%	31 December
KW Logistics Limited	Logistics services	-	100%	31 December
KW Stevedores Limited	Non-Trading	-	100%	31 December
KW Warehousing Services Limited	Property rental	-	100%	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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(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 and is recognised as performance obligations are satisfied at the point in time that the services are rendered. Revenue is shown net of General Consumption Tax, rebates and discounts and after eliminating sales within the Group.

Services

These are charges made for wharfage operations, rental of and repairs to cold storage facilities, storage and warehousing of goods after deduction of discounts and other reductions applicable to such charges. The charges are recognised in the accounting period in which the services are rendered based on services provided to the end of the accounting period in accordance with contracted rates, except penal charges which are accounted for on a cash basis. Port security services income is based on hourly rates for services rendered to the end of the accounting period. This accounting policy applied to the current and previous year.

Credit customers are invoiced when the services are rendered and consideration is payable when invoiced. Payment is due from other customers at the point where the performance obligation is satisfied.

2. Significant Accounting Policies (continued)

(c) Revenue and income recognition (continued)

Interest income

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

(d) Property, plant and equipment

Plant and buildings consist mainly of walls, piers, dredged 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 any 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	4% - 20%
Cold room and refrigeration 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(g)). 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. Significant Accounting Policies (continued)

(e) Investment property

Investment properties, principally freehold warehouse buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is shown at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the carrying amount of the asset 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. On replacement of a separately measured part of an item of investment property, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income when the expenditure is incurred.

Depreciation is calculated on the straight-line balance basis at annual rates to write off the relevant assets over their expected useful lives as follows:

Buildings	2.5%

Land is not depreciated.

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 assets carrying amount is greater than its recoverable amount (Note 2 (g)).

Gains and losses on disposal of investment property are determined by comparing proceeds with their carrying amounts and are included in the statement of comprehensive income.

(f) Intangible assets

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

(g) 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.

(h) 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.

2. Significant Accounting Policies (continued)

(h) Foreign currency translation (continued)

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 liabilities are presented in profit or loss with 'finance costs'.

(i) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less loss allowance.

Other miscellaneous assets

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

i. the asset is held within a business model whose objective is to collect the contractual cash flows; and,
ii. the contractual terms give rise to cash flows that are solely payments of principal and interest.

Due to the short-term nature of the other miscellaneous assets, their carrying amount is considered to be the same as their fair value.

(j) Investments in subsidiaries

Investments by the company in subsidiaries are stated at cost.

(k) 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.

(l) 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 and which are subject to an insignificant risk of changes in value net of bank overdrafts.

(m) 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.

2. Significant Accounting Policies (continued)

(n) 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.

(o) 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.

When share capital is repurchased, including shares repurchased for the employee share ownership trusts, the amount of consideration paid, including directly attributable costs, is recognised as a deduction from share capital.

(p) Leases

The Group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point.

Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments.

The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

2. Significant Accounting Policies (continued)

(p) Leases (continued)

Right-of-use assets are measured initially at cost comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses and adjusted for remeasurement of the lease liability due to reassessment or lease modifications.

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expense in profit or loss. The Group applies the exemption for low-value assets on a lease-by-lease basis i.e. for the leases where the asset is sub-leased, a right-of-use asset is recognised with corresponding lease liability; for all other leases of low value asset, the lease payments associated with those leases will be recognised as an expense on a straight-line basis over the lease term.

Short - term leases are leases with a lease term of 12 months or less.

The right-of-use assets is presented as a separate line item on the balance sheet. At the commencement date, lease liabilities are measured at an amount equal to the present value of the lease payments for the underlying right- of- use assets during the lease term.

The Group leases office buildings, storage space and vehicles to conduct aspects of it business. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (including termination and renewal rights). Extension and termination options are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by both the Group and the respective lessor.

Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options for an additional 1 to 5 years.

The lease payments are fixed and adjusted for inflation. The inflation increases are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss 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 lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

2. Significant Accounting Policies (continued)

(p) Leases (continued)

Extension and termination options

Extension and termination options are included in property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable by the respective lessor and not only by the Group.

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 statement of financial position based on their nature.

(q) 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.

(r) 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.

(s) 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.

2. Significant Accounting Policies (continued)

(s) Employee benefits (continued)

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.

Equity compensation benefits

The company established employee share ownership schemes for employees. Under the terms of the schemes, shares may be issued to employees by way of grants or options, which are exercised at the discretion of the employee. The difference between the fair value of the grant or option and the consideration received by the company is recognised as an expense.

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.

(t) 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 or 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.

(u) 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.

2. Significant Accounting Policies (continued)

(v) 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.

(w) 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.

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

2. Significant Accounting Policies (continued)

(w) Financial instruments(continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3(a) for further details.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

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 credit risk, market risk, foreign exchange risk, interest rate risk, and investment of excess liquidity.

3. Financial Risk Management (continued)

(a) Credit risk

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 Group is exposed to credit risk where a party to a financial instrument may fail 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 and stability over the years. 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.

Maximum exposure to credit risk

The maximum exposure of the Group and Company to credit risk is as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Group companies – non-current	-	-	531,606	708,182
Trade receivables	657,585	686,732	409,476	530,785
Other receivables	124,597	138,295	109,608	129,825
Group companies	-	-	283,911	172,556
Short term investments	9,632,840	9,077,893	8,116,284	7,797,626
Cash and bank	642,950	480,393	299,346	342,787
	11,057,972	10,383,313	9,750,231	9,681,761

Credit review process

Management performs regular analyses of the ability of customers and their counterparties to meet repayment obligations.

The Group applied the IFRS 9 simplified approach to measuring expected credit losses by conducting an analysis of provisioning based on two approaches. The first approach was based on conducting an internal analysis of the trend in provisioning and focused on the trade receivables portfolios. The second approach involved an external analysis of the industry and market trends. This analysis did not directly influence the estimation of the default rates but rather provided guidance with respect to future expectations of the industry, performance of the economy and likely impact on key customers.

3. Financial Risk Management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance was determined as follows for trade receivables.

The Group

	Current $'000	31 - 60 $'000	Over 60 days $'000	61-365 days $'000	Total $'000
31 December 2022					
Weighted average loss rate	0.2%	0.7%	26.0%	100%	
Gross carrying amount trade receivables	372,087	211,680	102,533	22,770	709,070
Loss Allowance	675	1,443	26,597	22,770	51,485

	Current $'000	31 - 60 $'000	Over 60 days $'000	61- 365 days $'000	Total $'000
December 2021					
Weighted average loss rate	0.2%	0.9%	26.7%	100%	
Gross carrying amount trade receivables	419,455	236,822	45,767	12,596	714,640
Loss Allowance	1,000	2,102	12,210	12,596	27,908

The Company

	Current $'000	31 - 60 $'000	Over 60 days $'000	61- 365 days $'000	Total $'000
31 December 2022					
Weighted average loss rate	0.002%	0.002%	34.2%	100%	
Gross carrying amount trade receivables	253,989	113,728	63,429	16,952	448,098
Loss Allowance	4	2	21,664	16,952	38,622

	Current $'000	31 - 60 $'000	Over 60 days $'000	61- 365 days $'000	Total $'000
31 December 2021					
Weighted average loss rate	0.1%	0.2%	24.7%	100%	
Gross carrying amount trade receivables	342,956	156,449	42,519	8,000	549,924
Loss Allowance	345	314	10,480	8,000	19,139

3. Financial Risk Management (continued)

(a) Credit risk (continued)

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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
At 1 January	27,908	71,612	19,139	62,278
Loss allowance	36,728	733	32,634	723
Amounts recovered	(13,151)	(13,325)	(13,151)	(12,750)
Reversal of unutilised trade provisions	-	(31,112)	-	(31,112)
At 31 December	51,485	27,908	38,622	19,139

The movement in the provision for credit losses for the year included $6,842,000 (2021: $1,290,000) and $8,008,000 (2021: $240,000) for the Group and company respectively for related companies. These amounts are included in loss allowance in profit or loss. Trade provisions reversed were utilised against other receivable balances in 2021.

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

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

Concentrations of risk

(i) Trade receivables

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Top ten customers	644,075	617,484	392,254	455,265
Other	64,995	97,156	55,844	94,659
	709,070	714,640	448,098	549,924
Less: Provision for credit losses	(51,485)	(27,908)	(38,622)	(19,139)
	657,585	686,732	409,476	530,785

3. Financial Risk Management (continued)

(a) Credit risk (continued)

Concentrations of risk (continued)

(ii) Cash and cash equivalents and short-term investments

Short term investments comprise of cash on deposit held with financial institutions. The Group maintains cash resources with reputable financial institutions. The credit risk is considered to be low and the allowance for expected credit loss is immaterial.

(iii) Group companies

The Group assesses each group company's ability to pay if payment is demanded as at the reporting date. Management reviews recovery scenarios considering given economic conditions and the borrower's liquidity over the expected life of the recoverable. The company has applied the low credit risk exception. The expected credit losses on these balances are immaterial.

(iv) Other receivables

Other receivables comprise deposit with a supplier and other miscellaneous items. The Group considers credit risk to be low in respect of these matters

(b) Liquidity risk

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

Liquidity risk management process

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

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

(ii) Maintaining committed lines of credit;

(iii) Optimising cash returns on investment;

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

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

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

3. Financial Risk Management (continued)

(b) Liquidity risk (continued)

Financial liabilities cash flows

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

	The Group					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2022					
Borrowings	37,559	139,708	783,252	1,277,815	646,627	2,884,962
Lease liability	7,957	15,914	39,786	-	-	63,657
Trade and other payables	2,165,247	-	-	-	-	2,165,247
Total financial liabilities	2,210,763	155,622	823,038	1,277,815	646,627	5,113,866
	2021					
Borrowings	29,471	138,296	491,762	1,410,617	199,753	2,269,899
Lease liability	10,155	20,309	91,392	59,783	-	181,639
Trade and other payables	1,668,673	-	-	-	-	1,668,673
Total financial liabilities	1,708,299	158,605	583,154	1,470,400	199,753	4,120,211

	The Company					
	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2022					
Borrowings	37,559	139,708	783,252	1,277,815	645,175	2,883,510
Lease liability	14,018	28,343	95,717	43,292	-	181,370
Trade and other payables	2,079,024	-	-	-	-	2,079,024
Group Companies	45,113	-	-	-	-	45,113
Total financial liabilities	2,175,714	168,051	878,969	1,321,107	645,175	5,189,017
	2021					
Borrowings	29,471	138,296	491,762	1,410,617	198,301	2,268,447
Lease liability	16,743	33,487	151,115	59,783	-	261,128
Trade and other payables	1,555,452	-	-	-	-	1,555,452
Group Companies	21,608	-	-	-	-	21,608
Total financial liabilities	1,623,274	171,783	642,877	1,470,400	198,301	4,106,635

3. Financial Risk Management (continued)

(c) Market risk

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

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.

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$ J$'000	US$ J$'000	Total J$'000
		2022	
Financial Assets			
Short term investments	1,587,479	8,045,361	9,632,840
Trade and other receivables	231,666	550,516	782,182
Cash and bank	343,704	299,246	642,950
Total financial assets	2,162,849	8,895,123	11,057,972
Financial Liabilities			
Borrowings	2,488,669	-	2,488,669
Lease liability	-	44,341	44,341
Trade and other payables	2,018,633	146,614	2,165,247
Total financial liabilities	4,507,302	190,955	4,698,257
Net financial position	(2,344,453)	8,704,168	6,359,715
		2021	
Financial Assets			
Short term investments	2,715,832	6,362,061	9,077,893
Trade and other receivables	272,912	552,115	825,027
Cash and bank	369,102	111,291	480,393
Total financial assets	3,357,846	7,025,467	10,383,313
Financial Liabilities			
Borrowings	2,046,666	-	2,046,666
Lease liability	-	118,153	118,153
Trade and other payables	1,615,495	53,178	1,668,673
Total financial liabilities	3,662,161	171,331	3,833,492
Net financial position	(304,315)	6,854,136	6,549,821

3. Financial Risk Management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

	The Company		
	Jamaican$ J$'000	US$ J$'000	Total J$'000
		2022	
Financial Assets			
Group companies – non-current	531,606	-	531,606
Short term investments	972,858	7,143,426	8,116,284
Trade and other receivables	97,927	421,157	519,084
Group companies	283,911	-	283,911
Cash and bank	169,718	129,628	299,346
Total financial assets	2,056,020	7,694,211	9,750,231
Financial Liabilities			
Borrowings	2,487,217	-	2,487,217
Lease liability	-	151,152	151,152
Trade and other payables	1,936,669	142,355	2,079,024
Group companies	45,113	-	45,113
Total financial liabilities	4,468,999	293,507	4,762,506
Net financial position	(2,412,979)	7,400,704	4,987,725
		2021	
Financial Assets			
Group companies- non-current	708,182	-	708,182
Short term investments	2,284,119	5,513,507	7,797,626
Trade and other receivables	141,038	519,572	660,610
Group companies	172,556	-	172,556
Cash and bank	263,467	79,320	342,787
Total financial assets	3,569,362	6,112,399	9,681,761
Financial Liabilities			
Borrowings	2,045,214	-	2,045,214
Lease liability	-	161,562	161,562
Trade and other payables	1,502,274	53,178	1,555,452
Group companies	21,608	-	21,608
Total financial liabilities	3,569,096	214,740	3,783,836
Net financial position	266	5,897,659	5,897,925

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% (2021: 2%) appreciation and a 4% (2021: 8%) depreciation change in foreign currency rates. The sensitivity of the profit was primarily because of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, short term investments and US dollar-denominated liabilities. Profit is more sensitive to movements in Jamaican dollar/US dollar exchange rates because of the significant level of US-dollar denominated investments. 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 2022 %	Effect on Profit before Taxation 2022 $'000	Change in Currency Rate 2021 %	Effect on Profit before Taxation 2021 $'000
	The Group			
Currency:				
USD	-1	(87,042)	-2	(137,083)
USD	+4	348,168	+8	548,331
	The Company			
USD	-1	(74,007)	-2	(117,953)
USD	+4	296,028	+8	471,813

(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
				2022			
Assets							
Short term investments	6,299,518	3,290,909	-	-	-	42,413	9,632,840
Trade and other receivables	-	-	-	-	-	782,182	782,182
Cash and bank	303,675	-	-	-	-	339,275	642,950
Total financial assets	6,603,193	3,290,909	-	-	-	1,163,870	11,057,972
Liabilities							
Borrowings	61,931	19,643	603,000	1,176,169	625,000	2,932	2,488,675
Lease liability	-	-	44,341	-	-	-	44,341
Trade and other payables	-	-	-	-	-	2,165,246	2,165,246
Total financial liabilities	61,931	19,643	647,341	1,176,169	625,000	2,168,184	4,698,262
Total interest repricing gap	6,541,262	3,271,266	(647,341)	(1,176,169)	(625,000)	(1,004,308)	6,359,710
				2021			
Assets							
Short term investments	4,048,632	4,979,755	-	-	-	49,506	9,077,893
Trade and other receivables	-	-	-	-	-	825,027	825,027
Cash and bank	245,727	-	-	-	-	234,666	480,393
Total financial assets	4,294,359	4,979,755	-	-	-	1,109,199	10,383,313
Liabilities							
Borrowings	101,037	98,214	-	1,121,264	723,219	2,932	2,046,666
Lease liability	-	-	-	118,153	-	-	118,153
Trade and other payables	-	-	-	-	-	1,668,673	1,668,673
Total financial liabilities	101,037	98,214	-	1,239,417	723,219	1,671,605	3,833,492
Total interest repricing gap	4,193,322	4,881,541	-	(1,239,417)	(723,219)	(562,406)	6,549,821

Notes to the Financial Statements (CONT'D)

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Company

	Within 1 Month $'000	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Non Interest Bearing $'000	Total $'000
				2022			
Assets							
Group companies- Non-current	-	-	-	531,606	-	-	531,606
Short term investments	5,979,092	2,103,709	-	-	-	33,483	8,116,284
Trade and other receivables	-	-	-	-	-	519,084	519,084
Group Companies	-	-	-	-	-	283,911	283,911
Cash and bank	134,145	-	-	-	-	165,201	299,346
Total financial assets	6,113,237	2,103,709	-	531,606	-	1,001,679	9,750,231
Liabilities							
Borrowings	61,926	19,643	603,000	1,176,174	625,000	1,480	2,487,223
Lease liability	-	-	44,341	106,811	-	-	151,152
Trade and other payables	-	-	-	-	-	2,079,024	2,079,024
Group Companies	-	-	-	-	-	45,113	45,113
Total financial liabilities	61,926	19,643	647,341	1,282,985	625,000	2,125,617	4,762,512
Total interest repricing gap	6,051,311	2,084,066	(647,341)	(751,379)	(625,000)	(1,123,938)	4,987,719
				2021			
Assets							
Group companies- non current	-	-	-	708,182	-	-	708,182
Short term investments	3,930,131	3,821,957	-	-	-	45,538	7,797,626
Trade and other receivables	-	-	-	-	-	660,610	660,610
Group companies	-	-	-	-	-	172,556	172,556
Cash and bank	190,300	-	-	-	-	152,487	342,787
Total financial assets	4,120,431	3,821,957	-	708,182	-	1,031,191	9,681,761
Liabilities							
Borrowings	101,037	98,214	-	1,121,264	723,219	1,480	2,045,214
Lease liability	-	-	-	161,562	-	-	161,562
Trade and other payables	-	-	-	-	-	1,555,452	1,555,452
Group companies	-	-	-	-	-	21,608	21,608
Total financial liabilities	101,037	98,214	-	1,282,826	723,219	1,578,540	3,783,836
Total interest repricing gap	4,019,394	3,723,743	-	(574,644)	(723,219)	(547,349)	5,897,925

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		The Company	
				Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation	Effect on Profit before Taxation
				2022	2021	2022	2021
				$'000	$'000	$'000	$'000
Change in basis points							
2022 JMD	2022 USD	2021 JMD	2021 USD				
+100	+100	+300	+100	63,597	59,412	49,877	58,985
-50	-50	-50	-100	(31,799)	(67,020)	(24,939)	(58,978)

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.

(iii) Other price risk

The Group is exposed to price risk on its unquoted FVOCI equity investment.

A 6% (2021: 5%) increase or decrease in the price at the reporting date would cause an increase or decrease in total comprehensive income of $26,965,000 (2021: $22,471,000) for the Group, and $18,021,000 (2021: $15,018,000) for the company.

(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 equity holders.

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 2022, the Group's strategy, which was unchanged from 2021, was to maintain the gearing ratio no higher than 75%. The gearing ratios at 31 December 2022 and 2021 were as follows:

	2022 $'000	2021 $'000
Total long-term borrowings (Note 29)	2,488,669	2,046,666
Total stockholders' equity	35,827,572	34,968,279
Gearing ratio (%)	6.95%	5.85%

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 2 financial instruments which are defined as:

- those with fair value measurements that are derived from inputs other than quoted prices that are observable for the asset or liability either directly (that is as prices) or indirectly, (that is, derived from prices).

At 31 December 2022, instruments included within this level comprised unquoted equities classified as financial assets at fair value through other comprehensive income which totaled $449,617,000 and $300,353,000 for the Group and company, respectively. There were no transfers between levels in 2022 and 2021.

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 and other accounts receivables, trade and other accounts payables, related companies balances and short term investments.

(ii) The carrying value of other financial assets (long term loans receivable) 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 and are repayable after one year.

(iii) The fair value for borrowings is estimated considering the net present value calculated using discount rates derived from yields of securities with similar maturity and credit ratings. At December 31, the fair value of borrowings was $2,120,761,000 (2021: $2,046,666,000) for the Group and $2,120,020,000 (2021: $2,045,214,000) for the company.

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.

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and valuation inputs and make assumptions that are mainly based on market conditions existing at each statement of financial position date. The Group uses discounted cash flow analyses and references to prices for other instruments that are substantially the same for various available-for-sale financial assets that were not traded in active markets. Details of investment securities valued using other than quoted prices in an active market are provided in Note 3(e) of the financial statements.

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 times 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 costs trend for the post-employment obligations varied by 1% from estimates applied in valuation of the benefits, the consolidated pre-tax profit would be an estimated $30,576,000 lower or $24,969,000 higher (Note 21). 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 21).

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 stevedoring of vessels.

(b) Logistics Services - Operation of warehousing and logistics facilities, security services, rental of cold storage facilities and property rental.

Transactions between the business segments are on normal commercial terms and conditions. The Group derives revenue from the transfer of services at a point in time in the below major operating segments.

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

	Terminal Operation $'000	Logistics Services $'000	Elimination $'000	Group $'000
Year ended 31 December 2022				
External operating revenue	6,675,953	2,800,453	-	9,476,406
Operating revenue from segments	907,538	183,646	(1,091,184)	-
Total revenue	7,583,491	2,984,099	(1,091,184)	9,476,406
Operating profit	2,434,257	831,234		3,265,491
Finance costs (Note 9)	(83,635)	(97,052)	78,795	(101,892)
Profit before tax	2,350,622	734,182	78,795	3,163,599
Tax expense				(425,129)
Profit before non-controlling interest				2,738,470
Non-controlling interest				(44,443)
Net profit attributable to equity holders of the company				2,694,027
Segment assets	36,012,507	7,491,203	(1,428,950)	42,074,760
Unallocated assets				605,809
Total assets				42,680,569
Segment liabilities	4,945,122	1,058,457	(1,305,317)	4,698,262
Unallocated liabilities				1,839,238
Total liabilities				6,537,500
Other segment items:				
Interest income (Note 8)	391,160	57,924	(39,870)	409,217
Capital expenditures (Note 15)	2,642,840	89,719	-	2,732,559
Amortisation (Note 18)	29,564	653	-	30,217
Depreciation (Note 6)	822,238	177,949	(68,510)	931,677

5. Segment Financial Information (continued)

	Terminal Operation $'000	Logistics Services $'000	Elimination $'000	Group $'000
Year ended 31 December 2021				
External operating revenue	5,992,802	2,681,199	-	8,674,001
Operating revenue from segments	766,009	114,178	(880,187)	-
Total revenue	6,758,811	2,795,377	(880,187)	8,674,001
Operating profit	2,732,982	1,135,754	-	3,868,736
Finance costs (Note 9)	(133,816)	(81,409)	65,835	(149,390)
Profit before tax	2,599,166	1,054,345	65,835	3,719,346
Tax expense				(468,501)
Profit before non-controlling interest				3,250,845
Non-controlling interest				(54,963)
Net profit attributable to equity holders of the company				3,195,882
Segment assets	33,821,849	6,938,894	(1,191,821)	39,568,922
Unallocated assets				1,738,121
Total assets				41,307,043
Segment liabilities	4,051,708	859,183	(1,077,399)	3,833,492
Unallocated liabilities				2,234,218
Total liabilities				6,067,710
Other segment items:				
Interest income (Note 8)	248,291	36,363	(39,870)	244,784
Capital expenditure (Note 15)	1,087,613	9,648	-	1,097,261
Capital expenditure (Note 18)	2,905	992	-	3,897
Amortisation (Note 18)	31,208	725	-	31,933
Depreciation (Note 6)	798,261	168,961	(67,744)	899,478

Revenues of approximately $3,075,275,000 (2021: $2,513,695,000) were earned from two customers. The revenues are attributable to the Terminal Operations segment.

Notes to the Financial Statements (CONT'D)

31 December 2022 (expressed in Jamaican dollars unless otherwise indicated)

6. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Advertising and public relations	59,437	37,774	58,501	36,910
Amortisation (Note 18)	30,217	31,933	29,448	31,092
Auditors' remuneration	19,549	16,841	12,408	11,702
Loss allowance	9,815	(12,592)	5,721	(12,027)
Bank charges	67,767	63,765	67,273	63,306
Customs overtime	77,105	57,093	77,105	57,093
Depreciation	931,677	899,478	814,001	779,089
Directors' fees	29,473	29,215	28,298	27,590
Equipment rental	174,117	155,719	174,117	155,641
Foreign exchange losses	177,511	-	160,624	-
Fuel	339,592	178,667	339,592	178,667
Information technology	142,314	103,937	136,737	101,989
Insurance	243,562	210,703	206,682	181,089
Legal and consultation expenses	22,810	34,533	20,119	29,997
Loss on disposal of property, plant and equipment	85,355	-	-	-
Repairs and maintenance	632,995	469,802	628,557	460,888
Security	438,735	403,698	87,586	89,770
Staff costs (Note 7)	2,487,153	2,164,400	2,091,257	1,826,818
Utilities	414,065	333,288	401,365	325,826
Other	332,933	306,790	372,139	343,603
	6,716,182	5,485,044	5,711,530	4,689,043

7. Staff Costs

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Wages and salaries	1,920,026	1,672,009	1,614,613	1,436,173
Payroll taxes – employer's contributions	223,514	182,386	186,267	154,765
Pension costs – defined benefit plan (Note 21)	(47,591)	(63,461)	(47,591)	(63,461)
Pension costs – defined contribution plan	9,822	8,481	-	-
Other retirement benefits (Note 21)	58,025	57,725	58,025	57,725
Meal and travelling allowances	93,579	56,814	84,910	52,272
Other	229,778	250,446	195,033	189,344
	2,487,153	2,164,400	2,091,257	1,826,818

8. Other Operating Income

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Dividends	5,555	1,463	3,711	976
Interest	409,217	244,784	362,878	247,721
Foreign exchange gains	-	432,165	-	357,518
Management fees	-	-	92,881	6,490
Proceeds from claims	77,733	-	77,733	-
Gain on disposal of property, plant and equipment	-	1,367	-	1,367
Other	12,762	-	12,759	-
	505,267	679,779	549,962	614,072

9. Finance Costs

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Interest expense	119,174	107,000	122,112	108,999
Foreign exchange (gains)/losses	(17,282)	42,390	359	35,275
	101,892	149,390	122,471	144,274

10. Tax Expense

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current tax on profit for the year	485,862	457,308	383,226	410,407
Prior year over provision	(5,519)	(24,124)	-	(25,092)
Deferred income tax (Note 30)	(55,214)	35,317	(9,611)	34,426
	425,129	468,501	373,615	419,741

10. Tax Expense (continued)

The tax on profit differs from the theoretical amount that would arise using a basic statutory rate of 12.5% (2021: 12.5%) as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Profit before tax	3,163,599	3,719,346	2,675,453	3,524,811
Tax calculated at a tax rate of 12.5% (2021 – 12.5%)	395,450	464,918	334,432	440,601
Adjusted for the effects of:				
Income not subject to tax	(17,526)	(14,235)	(1,576)	(14,235)
Income taxed at higher rate	127,231	88,103	99,992	68,128
Employment tax credit	(83,587)	(77,711)	(83,587)	(77,711)
Expenses not deductible for tax purposes	16,385	27,780	15,778	23,241
Change in rate for deferred income taxes	-	11,379	-	-
Prior year over provision	(5,519)	(24,124)	-	(25,092)
Other	(7,305)	(7,609)	8,576	4,809
Tax expense	425,129	468,501	373,615	419,741

The company was granted approval to operate as an approved developer under the Special Economic Zone Act (SEZA) on 1 January 2020 thereby ending the variable tax rate regime which existed under the Jamaica Export Free Zones Act. Under the SEZA, a corporate income tax rate of 12.5% on qualifying income is now applicable and is used to determine future tax rates (Note 30).

Some subsidiaries within the Group were also granted approval as developer and occupants under the SEZA in 2020. The applicable tax rate for these subsidiaries is 12.5%. Other subsidiaries within the Group but not operating under the SEZA have an applicable tax rate of 25%.

11. Profit Attributable to Equity Holders of the Company

	2022 $'000	2021 $'000
(a) Net profit is dealt with as follows in the financial statements of:		
Holding company	2,301,838	3,105,070
Subsidiaries	392,189	90,812
	2,694,027	3,195,882
(b) Retained earnings are dealt with as follows in the financial statements of:		
Holding company	14,364,113	13,915,658
Subsidiaries	317,898	(73,738)
	14,682,011	13,841,920

12. Non-controlling Interest

	2022	2021
NCI percentage for Security Administrators Limited	33 ⅓%	33 ⅓%

	2022 $'000	2021 $'000
At beginning of year	271,054	216,091
Share of net profit of subsidiary	44,443	54,963
	315,497	271,054
Non-current assets	28,720	27,361
Current assets	1,051,509	906,030
Non-current liabilities	(3,374)	(11,617)
Current liabilities	(125,234)	(109,930)
Net assets	951,621	811,844
Carrying amount of NCI	315,497	271,054
Revenue	978,390	918,236
Profit for the year, being total comprehensive income	133,329	164,843
Profit allocated to NCI	44,443	54,963
Cash flows from operating activities	135,101	85,121
Cash flows from investment activities	23,417	12,207
Cash flows from financing activities	(4,410)	(3,732)
Net increase in cash and cash equivalents	154,108	93,596

13. Earnings Per Stock Unit

The calculation of basic earnings per stock unit (EPS) is based on the net profit attributable to equity holders and the weighted average number of stock units in issue during the year, excluding ordinary stock units purchased by the Group and held as treasury stock.

	2022 $'000	2021 $'000
Net profit attributable to equity holders of the company ($'000)	2,694,027	3,195,882
Weighted average number of ordinary stock units in issue (thousands)	1,427,528	1,428,391
Basic/diluted earnings per stock unit	$1.89	$2.24

14. Dividends

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

	2022 $'000	2021 $'000
Ordinary dividends, gross – 67 cents (2021: 60 cents)	958,234	858,146

In December 2022, the company declared a dividend of 43 cents per share payable on 17 January 2023 to shareholders on record at 15 December 2022, and which is included in the total dividends above.

15. Property, Plant and Equipment

	The Group							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	2022							
Cost or Valuation -								
At 31 December 2021	10,733,532	23,262,399	4,391,882	267,404	353,722	335,382	83,659	39,427,980
Additions	-	-	14,149	603	8,035	15,832	2,693,940	2,732,559
Transfers	22,237	57,572	59,162	-	-	-	(138,971)	-
Disposals	-	(91,531)	-	-	-	-	-	(91,531)
At 31 December 2022	10,755,769	23,228,440	4,465,193	268,007	361,757	351,214	2,638,628	42,069,008
Depreciation -								
At 31 December 2021	-	9,435,942	1,765,767	267,404	217,911	230,756	-	11,917,780
Charge for the year	-	589,887	216,101	56	21,130	30,639	-	857,813
Relieved on disposals	-	(6,175)	-	-	-	-	-	(6,175)
At 31 December 2022	-	10,019,654	1,981,868	267,460	239,041	261,395	-	12,769,418
Net Book Value -								
At 31 December 2022	10,755,769	13,208,786	2,483,325	547	122,716	89,819	2,638,628	29,299,590

	The Group							
	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
	2021							
Cost or Valuation -								
At 31 December 2020	10,733,532	22,832,205	3,570,689	267,404	352,461	330,680	253,514	38,340,485
Additions	-	14,607	12,672	-	1,261	9,402	1,059,319	1,097,261
Transfers	-	415,587	808,521	-	-	-	(1,224,713)	(605)
Transfers to Intangible assets	-	-	-	-	-	-	(4,461)	(4,461)
Disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	10,733,532	23,262,399	4,391,882	267,404	353,722	335,382	83,659	39,427,980
Depreciation -								
At 31 December 2020	-	8,851,904	1,580,400	267,404	194,868	202,290	-	11,096,866
Charge for the year	-	584,038	185,367	-	23,043	33,166	-	825,614
Relieved on disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	-	9,435,942	1,765,767	267,404	217,911	230,756	-	11,917,780
Net Book Value -								
At 31 December 2021	10,733,532	13,826,457	2,626,115	-	135,811	104,626	83,659	27,510,200

15. Property, Plant and Equipment (continued)

The Company

	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2022				
Cost or Valuation -								
At 31 December 2021	7,080,294	16,613,368	4,350,596	19,137	338,621	314,243	82,009	28,798,268
Additions	-	-	13,532	603	7,958	8,789	2,671,703	2,702,585
Transfers	-	57,572	59,162	-	-	-	(116,734)	-
At 31 December 2022	7,080,294	16,670,940	4,423,290	19,740	346,579	323,032	2,636,978	31,500,853
Depreciation -								
At 31 December 2021	-	5,681,026	1,720,946	18,955	203,431	218,642	-	7,843,000
Charge for the year	-	420,363	213,438	56	20,943	27,489	-	682,289
At 31 December 2022	-	6,101,389	1,934,384	19,011	224,374	246,131	-	8,525,289
Net Book Value -								
At 31 December 2022	7,080,294	10,569,551	2,488,906	729	122,205	76,901	2,636,978	22,975,564

The Company

	Freehold Land	Plant and Buildings	Machinery and Equipment	Cold Room and Refrigeration Equipment	Furniture and Fixtures	Motor Vehicles	Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
				2021				
Cost or Valuation -								
At 31 December 2020	7,080,294	16,193,273	3,535,601	19,137	337,360	312,991	251,864	27,730,520
Additions	-	14,607	6,474	-	1,261	5,952	1,059,319	1,087,613
Transfers	-	405,488	808,521	-	-	-	(1,224,713)	(10,704)
Transfers to intangible assets	-	-	-	-	-	-	(4,461)	(4,461)
Disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	7,080,294	16,613,368	4,350,596	19,137	338,621	314,243	82,009	28,798,268
Depreciation -								
At 31 December 2020	-	5,267,686	1,538,207	18,924	180,630	193,919	-	7,199,366
Charge for the year	-	413,340	182,739	31	22,801	29,423	-	648,334
Relieved on disposals	-	-	-	-	-	(4,700)	-	(4,700)
At 31 December 2021	-	5,681,026	1,720,946	18,955	203,431	218,642	-	7,843,000
Net Book Value -								
At 31 December 2021	7,080,294	10,932,342	2,629,650	182	135,190	95,601	82,009	20,955,268

(a) Freehold land of the Group was revalued as at 31 December 2020 on the basis of open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuators. The freehold plant and buildings of the Group were also revalued as at 31 December 2020 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 was adjusted upwards and the resultant increase in value net of deferred income taxes has been recognised in capital reserves (Note 27).

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;

15. Property, Plant and Equipment (continued)

		The Group		
		Fair Value measurements as at 31 December 2022 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-20	-	10,755,769	-
Plant and Buildings	Dec-20	-	-	13,208,786
Total		-	10,755,769	13,208,786
		The Company		
Freehold Land	Dec-20	-	7,080,294	-
Plant and Buildings	Dec-20	-	-	10,569,551
Total		-	7,080,294	10,569,551

		The Group		
		Fair Value measurements as at 31 December 2021 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-20	-	10,733,532	-
Plant and Buildings	Dec-20	-	-	13,826,455
Total		-	10,733,532	13,826,455
		The Company		
Freehold Land	Dec-20	-	7,080,294	-
Plant and Buildings	Dec-20	-	-	10,932,342
Total		-	7,080,294	10,932,342

15. Property, Plant and Equipment (continued)

(a) (Continued)

Level 2 fair values of land have been derived using the sales comparison approach and are 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 Plant & Buildings $'000	Company Plant & Buildings $'000
Opening balance at valuation	13,826,457	10,932,342
Additions/transfers in	57,572	57,572
Disposals net of accumulated depreciation	(85,356)	-
Depreciation through profit or loss	(589,887)	(420,363)
Closing balance	13,208,786	10,569,551

The Group

	Fair value at 31 December 2022 $'000	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2022**
Description					
Plant and Building	13,208,786	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 be lower by $26,607,000 and higher by $33,724,000.

15. Property, Plant and Equipment (continued)

(a) (Continued)

Company

	Fair value at 31 December 2022 $'000	**Valuation technique(s)**	**Unobservable inputs**	**Range of unobservable inputs (probability – weighted average)**	**Relationship of unobservable inputs to fair value 2022**
Plant and Building	10,569,551	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 be lower by $17,484,000 and higher by $22,700,000.

(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 $1,503.5 million over certain premises and equipment owned by the company in keeping with the terms of certain loan agreements (Note 29).

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

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

	The Group		**The Company**	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Cost	9,685,738	9,605,929	9,265,126	9,207,554
Accumulated depreciation	(1,911,770)	(1,321,883)	(1,668,383)	(1,248,020)
Net book value	7,773,968	8,284,046	7,596,743	7,959,534

16. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Note 32.

(b) *Amounts recognised in the statement of financial position (IFRS 16)*

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Right-of-use assets				
Land and buildings	43,963	109,909	151,037	148,542
Lease liabilities				
Current	44,341	45,226	83,104	88,634
Non-current	-	72,927	68,048	72,928
	44,341	118,153	151,152	161,562

(c) *Amounts recognised in the statement of profit or loss IFRS16*

The statement of profit or loss shows the following amounts relating to right-of-use assets:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Depreciation charge of right-of-use assets				
Land and buildings	65,946	65,946	131,712	130,755
Interest expense (Included in finance costs, Note 9)	24,274	15,645	27,250	20,502
	90,220	81,591	158,962	151,257

The total cash outflow for leases was $96,746,000 (2021: $94,943,000).

17. Investment Property

	The Group		
	Land J$'000	Plant and building J$'000	Total J$'000
Cost -			
At 31 December 2020, At 31 December 2021 and At 31 December 2022	250,000	320,000	570,000
Accumulated Depreciation -			
At 31 December 2020	-	9,299	9,299
Charge for the year	-	7,918	7,918
At 31 December 2021	-	17,217	17,217
Charge for the year	-	7,918	7,918
At 31 December 2022	-	25,135	25,135
Net Book Value -			
31 December 2022	250,000	294,865	544,865
31 December 2021	250,000	302,783	552,783

17. Investment Property (continued)

The investment property, which is carried at cost less accumulated depreciation, was valued at its last valuation in 2019 at $570,000,000, based on open market value by D.C. Tavares and Finson Realty Limited, independent qualified valuators.

Amounts recognised in profit or loss for investment property:

	2022 $'000	2021 $'000
Rental income	71,436	50,329
Depreciation expense	(7,918)	(7,918)

The investment property is leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as shown below:

	2022 $'000	2021 $'000
Receivable as follows:		
Within one year	65,482	71,436
Later than one year but not later than 5 years	-	65,482
	65,482	136,918

18. Intangible Assets

	Computer Software J$'000	Rights to Customer Contracts J$'000	Total J$'000
		The Group	
At Cost -			
At 31 December 2020	132,792	470,637	603,429
Additions	3,897	-	3,897
Transfers from property plant and equipment	4,461	-	4,461
At 31 December 2021 and 2022	141,150	470,637	611,787
Amortisation -			
At 31 December 2020	55,453	447,962	503,415
Amortisation charge for year	21,477	10,456	31,933
At 31 December 2021	76,930	458,418	535,348
Amortisation charge for year	19,760	10,457	30,217
At 31 December 2022	96,690	468,875	565,565
Net Book Value -			
31 December 2022	44,460	1,762	46,222
31 December 2021	64,220	12,219	76,439

18. Intangible Assets (continued)

	Computer Software J$'000	Rights to Customer Contracts J$'000	Total J$'000
		The Company	
At Cost -			
At 31 December 2020	128,589	470,637	599,226
Additions	3,897	-	3,897
Transfers from property plant and equipment	4,461	-	4,461
At 31 December 2021 and 2022	136,947	470,637	607,584
Amortisation -			
At 31 December 2020	54,209	447,963	502,172
Amortisation charge for year	20,636	10,456	31,092
At 31 December 2021	74,845	458,419	533,264
Amortisation charge for year	18,992	10,456	29,448
At 31 December 2022	93,837	468,875	562,712
Net Book Value -			
31 December 2022	43,110	1,762	44,872
31 December 2021	62,102	12,218	74,320

The amortisation period for the contracts classified as rights to customer contracts are amortised over five – ten years.

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

19. Investments in Subsidiaries

	2022 $'000	2021 $'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

20. Investments

(a) Classification of financial assets at fair value through other comprehensive income

Investments comprise equity securities which are classified as financial assets at fair value through other comprehensive income and which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant. On disposal of these equity investments, any balances within fair value reserve are reclassified through retained earnings.

(b) Equity investments at fair value through other comprehensive income

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Unquoted equities in a related company				
Opening balance	449,617	537,112	300,353	358,802
Fair value movement	-	(87,495)	-	(58,449)
	449,617	449,617	300,353	300,353

21. Retirement Benefit Asset and Obligations

	The Group and Company	
	2022	2021
	$'000	$'000
Statement of financial position obligations/(asset) for:		
Pension benefits	(558,899)	(1,698,874)
Other retirement benefits	258,749	396,749
Profit or loss for (Note 7):		
Pension benefits	(47,591)	(63,461)
Other retirement benefits	58,025	57,725
Remeasurements for:		
Pension benefits	(1,193,007)	80,901
Other retirement benefits	184,355	34,020
	(1,008,652)	114,921

(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.

21. Retirement Benefit Asset and Obligations (continued)

(a) Pension benefits (continued)

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 the employer's contribution of 5% and the members mandatory contribution of 5%. Members may also voluntarily contribute up to an additional 5% of their earnings to the scheme. The total contribution to the scheme during the year was $9,822,000 (2021: $8,481,000).

The plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation dated 31 December 2019 revealed that the scheme was adequately funded as at that date.

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 of 5% and employer contributions of 1% of salary as recommended by independent actuaries. Members may also voluntarily contribute up to an additional 5% of their earnings to the scheme.

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 2022 for the purposes of the financial statements.

Additionally, the plan is valued by independent actuaries triennially to determine the adequacy of funding. The latest such valuation as at 31 December 2020 revealed that the scheme was adequately funded as at that date.

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

	The Group and Company	
	2022	**2021**
	$'000	**$'000**
Fair value of plan assets	(3,728,121)	(4,037,301)
Present value of funded obligations	1,674,637	2,338,427
	(2,053,484)	(1,698,874)
Unrecognised amount due to limitation (asset ceiling)	1,494,585	-
Surplus of funded plan/Asset in the statement of financial position	(558,899)	(1,698,874)

21. Retirement Benefit Asset and Obligations (continued)

(a) Pension benefits (continued)

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

	The Group and Company	
	2022 $'000	2021 $'000
Asset at beginning of year	(1,698,874)	(1,549,850)
Amounts recognised in statement of comprehensive income	1,145,416	(144,362)
Contributions paid	(5,441)	(4,662)
Asset at end of year	(558,899)	(1,698,874)

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

	The Group and Company	
	2022 $'000	2021 $'000
Balance at beginning of year	(4,037,301)	(3,730,537)
Interest income	(321,035)	(334,358)
Re-measurements -		
Return on plan assets, excluding amounts included in interest expense	581,490	(3,292)
Members' contributions	(48,017)	(42,461)
Employer's contributions	(5,441)	(4,662)
Benefits paid	94,764	71,374
Administrative expenses	7,419	6,635
Balance at end of year	(3,728,121)	(4,037,301)

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

	The Group and Company	
	2022 $'000	2021 $'000
Balance at beginning of year	2,338,427	2,180,687
Current service cost	101,033	85,929
Interest cost	192,199	201,645
Re-measurements -		
Gains from change in experience adjustments	54,067	(98,971)
Loss/(gain) from change in financial assumptions	(937,135)	21,362
Members' voluntary contributions	20,810	19,149
Benefits paid	(94,764)	(71,374)
Balance at end of year	1,674,637	2,338,427

21. Retirement Benefit Asset and Obligations (continued)

(a) Pension benefits (continued)

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $1,012,625,000 relating to active employees, $92,412,000 relating to deferred members, $557,835,000 relating to members in retirement and $11,765,000 representing other liabilities.

The amounts recognised in profit or loss are as follows:

	The Group and Company	
	2022	2021
	$'000	$'000
Current service cost	73,826	62,617
Interest income, net	(128,836)	(132,713)
Administrative expenses	7,419	6,635
Total, included in staff costs (Note 7)	(47,591)	(63,461)

Plan assets are comprised as follows:

	The Group and Company			
	2022		2021	
	$'000	%	$'000	%
Quoted securities:				
Equity securities	1,826,162	49.0%	2,041,363	50.6%
Government of Jamaica securities	784,147	21.0%	908,805	22.5%
Corporate bonds, promissory notes and preference shares	509,140	13.7%	583,117	14.4%
Repurchase agreements	182,386	4.9%	295,101	7.3%
Leases	18,673	0.5%	16,881	0.4%
Real estate	117,816	3.2%	79,260	2.0%
Other	289,797	7.8%	112,774	2.8%
	3,728,121	100.0%	4,037,301	100.0%

The pension plan assets include ordinary stock units of the company with a fair value of $324,000,000 (2021: $387,000,000).

Expected contributions to the post-employment plan for the year ending 31 December 2023 are $6,785,000

The significant actuarial assumptions used were as follows:

	2022	2021
Discount rate	13.0%	8.0%
Future salary increases	6.5%	6.0%
Expected pension increase	4%	3.5%

21. Retirement Benefit Asset and Obligations (continued)

(a) Pension benefits (continued)

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 $'000	Decrease in Assumption $'000
Discount rate	1%	(111,028)	123,397
Future salary increases	1%	19,131	(17,911)
Expected pension increase	1%	96,681	(82,561)
Life expectancy	1 year	14,564	(20,043)

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 dependent or multiple dependents' 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 7.5% per year (2021: 7%) for the insured group health plan. The insured group life plan assumes a salary rate increase of 6.5% per year (2021: 6%).

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

	The Group and Company	
	2022 $'000	2021 $'000
Present value of unfunded obligations	258,749	396,749

21. Retirement Benefit Asset and Obligations (continued)

(b) Other retirement benefits (continued)

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

	The Group and Company	
	2022	2021
	$'000	$'000
Liability at beginning of year	396,749	384,517
Amounts recognised in the statement of comprehensive income	(126,330)	23,705
Contributions paid	(11,670)	(11,473)
Liability at end of year	258,749	396,749

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

	The Group and Company	
	2022	2021
	$'000	$'000
Balance at beginning of year	396,749	384,517
Current service cost	24,771	21,683
Interest cost	33,254	36,042
Included in staff costs in profit or loss (Note 7)	58,025	57,725
Re-measurements -		
Loss from change in financial assumptions	(199,319)	2,440
Experience gains	14,964	(36,460)
Total, included in other comprehensive income	(184,355)	(34,020)
Benefits paid	(11,670)	(11,473)
Balance at end of year	258,749	396,749

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%	(1,592)	1,823
Future salary increases	1%	483	(447)

	Impact on Post-employment Obligations -Medical		
	Change in Assumption	Increase in Assumption $'000	Decrease in Assumption $'000
Discount rate	1%	(24,969)	30,576
Future medical cost rate	1%	30,576	(24,969)

21. 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 intend 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 2022 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 1% for the company. The next triennial valuation is due to be completed as at 31 December 2023. The company considers the current contribution rates to be sufficient to prevent a deficit and that regular contributions, which are based on service costs, will not increase significantly.

21. 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 the pension scheme is 9 years. The weighted average duration of the defined benefit obligation for post-employment medical and life insurance benefits is 13 years and 8 years respectively.

22. Inventories

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Fuel	9,111	5,077	9,111	5,077
Operating supplies	563,669	437,846	559,858	435,601
	572,780	442,923	568,969	440,678

Operating supplies for the Group and company are shown net of provision for impairment of $15,524,000 (2021: $16,094,000).

23. Related Party Transactions and Balances

(a) During the year the Group had normal business transactions with related parties as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
(i) Revenue earned from sales of services				
Subsidiaries	-	-	8,421	8,598
Companies controlled by directors/members or related by virtue of common directorships	3,510,592	2,910,792	2,731,619	2,201,612
	3,510,592	2,910,792	2,740,040	2,210,210

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
(ii) Other income				
Subsidiaries – management fees	-	-	92,881	6,490
Subsidiaries – interest	-	-	39,870	39,870
Companies controlled by directors/members or related by virtue of common directorships - dividends	5,555	1,463	3,711	976
(iii) Purchases of goods and services				
Subsidiaries	-	-	114,223	150,468
Companies controlled by directors/members related by virtue of common directorships	486,797	232,958	457,509	232,958
	486,797	232,958	571,732	383,426

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

23 Related Party Transactions and Balances (continued)

(b) Year-end balances with related parties:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
(i) Due from related companies				
Subsidiaries				
Long term receivables	-	-	531,606	708,182
Current accounts	-	-	283,911	172,556
Companies controlled by directors/members or related by virtue of common directorships				
Trade receivables (Note 24)	308,745	336,276	172,420	198,976
	308,745	336,276	987,937	1,079,714

The long-term receivables are comprised of:

- loan to a subsidiary of $470 million (2021: $470 million), which was due on 30 June 2022. The maturity period was extended for a further 5 years to 31 December 2027. Interest is charged at a rate of 7.5% per annum. The current account includes accrued interest of $5,823,000 (2021: $5,823,000) in relation to this loan.
- loan of $61 million (2021: $61 million) which earns interest at 7.5% (2021: 7.5%) and was repayable on 30 June 2022. The maturity period was extended for a further 5 years to 31 December 2027. Accrued interest relating to the loan of $14,601,000 (2021: $16,190,000) is recorded in the current account.
- interest-free advances of $86 million (2021: $102 million) to fund an acquisition.
- the balance of the current account is interest free and is repayable within twelve months.

Loss allowances of $9,710,000 (2021: $5,742,000) and $5,742,000 (2021: $2,060,000) for the Group and company respectively are held against trade accounts receivable from related parties.

(ii) Due to related companies

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Subsidiaries	-	-	45,113	21,608
Companies controlled by directors/members or related by virtue of common directorships (Note 31)	9,248	6,046	9,248	5,936
	9,248	6,046	54,361	27,544

23. Related Party Transactions and Balances (continued)

(c) Key management compensation:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Salaries and other short term employee benefits	90,825	94,501	74,893	79,318
Payroll taxes – employer's contributions	10,004	9,192	8,307	7,672
Pension benefits	908	773	749	622
Other	6,918	11,466	4,975	9,692
	108,655	115,932	88,924	97,304
Directors' emoluments –				
Fees	29,473	29,215	28,298	27,590
Management remuneration (included in salaries above)	74,594	80,294	54,863	61,665

24. Trade and Other Receivables

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade receivables	709,070	714,640	448,098	549,924
Less: Loss allowance	(51,485)	(27,908)	(38,622)	(19,139)
	657,585	686,732	409,476	530,785
Prepayments	59,754	43,738	50,304	27,028
Other	124,597	138,295	109,608	129,825
	841,936	868,765	569,388	687,638

Trade receivables include amounts receivable from related parties (Note 23). The fair values for trade and other receivables approximate the carrying values.

25. Cash and Cash Equivalents

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Short term investments	9,632,840	9,077,893	8,116,284	7,797,626
Cash and bank	642,950	480,393	299,346	342,787
	10,275,790	9,558,286	8,415,630	8,140,413

25. Cash and Cash Equivalents (continued)

The weighted average effective interest rate on short term investments was 4% (2021: 3.5%) per annum for United States dollar denominated investments and 7.5% (2021: 3.6%) per annum for Jamaican dollar investments. These short-term investments have an average maturity of 85 days.

Cash at bank includes United States dollar savings accounts and an interest earning current account. Interest is currently 0.10% (2021: 0.10%) per annum and 3% (2021: 3%) per annum respectively.

The Group has undrawn credit facilities via bank overdrafts of $60 million and $5 million which attract interest at 16.85% and 16.25% respectively. Security for the facilities is described in Note 29.

26. Share Capital

The total authorised number of ordinary shares is 1,507,550,000 (2021: 1,507,550,000) units. All issued shares are fully paid. The no par shares in issue comprise the stated capital of the company.

Holders to these shares are entitled to distributions as declared from time to time and are entitled to one vote per share at general meetings of the company.

	2022 Units ('000)	2021 Units ('000)	2022 $'000	2021 $'000
Issued and fully paid				
Ordinary stock units	1,430,200	1,430,200	2,079,398	2,079,398
Treasury shares	(2,587)	(2,758)	(103,100)	(109,170)
Issued and outstanding	1,427,613	1,427,442	1,976,298	1,970,228

Treasury Shares

The treasury shares are shares in the company that are held by a Trust for the purpose of issuing shares under the Kingston Wharves Limited Employee Share Ownership Scheme and the Kingston Wharves Limited Executive Share Ownership Scheme. The company established an Employee Share Ownership Trust (the Trust) and through this Trust purchased 1,217,329 units of its own shares at a fair value of $50 million. The Trust approved the purchase of 2,000,000 units in 2021 at a fair value of $78 million.

During the year, 84,000 of the 101,000 shares granted in 2018 and fully vested were distributed. The shares issued below are net of the shares sold back to the Trust by employees. The company through the Trust sold 122,000 shares to management personnel.

	2022		2021	
	Number of shares '000	$'000	Number of shares '000	$'000
Shares purchased for ESOP	3,217	128,000	3,217	128,000
Issue of shares to staff	(49)	(1,801)	-	-
Executive share ownership scheme sale	(581)	(23,099)	(459)	(18,830)
Balance at end of year	2,587	103,100	2,758	109,170

27. Other Reserves

Other reserves comprise:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Capital reserves	18,588,587	18,576,008	11,674,633	11,662,054
Fair value reserve	363,099	363,099	242,303	242,303
	18,951,686	18,939,107	11,916,936	11,904,357

Capital Reserves

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Unrealised surplus on revaluation of property, plant and equipment	19,433,035	19,717,828	12,053,860	12,053,860
Less: Deferred taxation	(1,406,871)	(1,691,664)	(777,667)	(777,667)
	18,026,164	18,026,164	11,276,193	11,276,193
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	-	-
Asset replacement reserve	394,813	382,234	394,813	382,234
Capitalisation of depreciation reserve	66	66	10	10
Arising on consolidation	3,419	3,419	-	-
	18,588,587	18,576,008	11,674,633	11,662,054

Fair Value Reserve

This represents unrealised surplus on revaluation of assets through other comprehensive income.

28. 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.

28. Asset Replacement/Rehabilitation and Depreciation Reserves (continued)

The balance of the reserves comprises:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Asset Replacement/Rehabilitation Reserve	-	-	-	-
Depreciation Fund	217,577	217,024	212,968	212,968

The movement in each category of reserves was as follows:

(a) Asset Replacement/Rehabilitation Reserve

	The Group and Company	
	2022	2021
	$'000	$'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	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
At beginning of year	217,024	216,761	212,968	212,968
Transfer from retained earnings (net interest)	553	263	-	-
At end of year	217,577	217,024	212,968	212,968

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

The company has undertaken several capital projects, which have substantially exceeded the value of the Reserve Fund. As such, all related cash, deposits or liquid securities pertaining to the reserves have been fully utilized. This is subject to the final approval of The Port Authority of Jamaica.

29. Borrowings

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'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) Bank of Nova Scotia Jamaica Limited	603,000	855,000	603,000	855,000
(d) Bank of Nova Scotia Jamaica Limited	1,000,000	-	1,000,000	-
(e) National Commercial Bank Limited	72,222	88,889	72,222	88,889
(f) CIBC FirstCaribbean International Bank (Jamaica) Limited	616,071	723,219	616,071	723,219
(g) CIBC FirstCaribbean International Bank (Jamaica) Limited	61,926	101,037	61,926	101,037
(h) CIBC FirstCaribbean International Bank (Jamaica) Limited	19,643	98,214	19,643	98,214
(i) CIBC FirstCaribbean International Bank (Jamaica) Limited	112,875	177,375	112,875	177,375
	2,488,669	2,046,666	2,487,217	2,045,214
Less: Current portion	(855,613)	(557,997)	(855,613)	(557,997)
	1,633,056	1,488,669	1,631,604	1,487,217

(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 of $1.8 billion from The Bank of Nova Scotia Limited for the financing of the company's Total Logistics Facility. This loan facility was renegotiated; the loan remains repayable over a 7 year period and had a moratorium on principal which ended 30 June 2018. Thereafter, principal is repayable in 20 quarterly instalments of $63,000,000 each and one final payment of $540,000,000. The interest rate varies over the life of the loan with rates fixed at 7.0% per annum for three years and 5.0% per annum for the remainder of the loan. This is scheduled to be repaid in 2023.

(d) This represents a non-revolving term loan in the amount of $3.8 billion from The Bank of Nova Scotia Limited for the financing of the expansion and modernisation of a Berth. The interest rate varies over the life of the loan with rates fixed at 4.8% per annum for five years and thereafter at a rate of six month weighted average treasury bill yield (WATBY) rate plus 4% per annum, and capped at 6.5%. The loan facility is for seven years with a ten year amortisation inclusive of two years moratorium on repayment of principal. The principal is repayable in 19 quarterly installments of $117,750,000 and one final payment of $1,530,750,000. The first drawdown on the facility of $1 billion was disbursed in the last quarter of 2022.

(e) This represents an unsecured loan facility of $100 million from National Commercial Bank Jamaica Limited, for the refinancing of debt and to provide general working capital support. The loan is repayable over five years in quarterly installments of principal and interest with an initial six-month moratorium on principal payments. The interest rate is fixed at 5.5% and the loan is scheduled to be fully repaid in December 2025.

(f) This represents a loan facility from CIBC First Caribbean International Bank (Jamaica) Limited to finance the company's acquisition of a new mobile harbour crane for $750 million. The loan is being amortised over a period of seven years at a fixed interest rate of 5.0% and is scheduled to be repaid in September 2028.

29. Borrowings (continued)

(g) This represents a loan facility from CIBC FirstCaribbean International Bank (Jamaica) Limited towards the company's capital expenditure program for the amount of $352 million. The loan is being amortised over a period of ten years at a fixed interest rate of 9.5% for the first two years and WATBY plus 2.5% thereafter. The loan facility also attracted a moratorium on principal in the first year and is scheduled to be repaid in July 2024.

(h) This represents a loan facility from CIBC FirstCaribbean International Bank (Jamaica) Limited toward the company's capital expenditure program in the amount of $550 million. The loan is being amortised over a 7 year period and interest is currently computed based on a six-month WATBY plus 2.5%; subject to a cap of 10.25% and is scheduled to be repaid in March 2023.

(i) This represents a credit facility of $372 million granted by the Development Bank of Jamaica (DBJ) through CIBC FirstCaribbean International Bank (Jamaica) Limited and loan of $79.5 million from CIBC FirstCaribbean International Bank (Jamaica) Limited toward the company's capital expenditure program. The DBJ portion of the loan was repaid in 2021 and refinanced by CIBC FirstCaribbean International Bank. The loan is currently fixed at 5% p.a. and is to be repaid in September 2024.

Security for the loan facilities with CIBC FirstCaribbean International Bank (Jamaica) Limited (f)-(i) above and including the bank overdrafts (Notes 3 and 25) and guarantees (Note 33), 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 $1,354 million and mortgages/charges over property and machinery owned by the Group of $1,503.5 million.

The Bank of Nova Scotia Limited (BNS) facility (c) and (d) is secured by a debenture ranked pari passu with CIBC FirstCaribbean International Bank (Jamaica) Limited over the fixed and floating assets of the company, together with a legal mortgage over land and buildings owned by the Group, and supported by guarantees totalling $5.6 billion. Undrawn facilities from BNS include insurance premium financing of US$1.5 million, unsecured revolving loan of $4 million and bank overdraft (Note 25).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group and company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and company's statements of cash flows as cash flows from financing activities.

	The Group			
	Borrowings		Leases	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at January 1	2,046,666	1,680,741	118,153	180,328
Proceeds from loans	1,000,000	850,000	-	-
Repayment of loans	(557,997)	(484,075)	-	-
Repayment of lease liabilities	-	-	(65,930)	(79,298)
Effect of changes in foreign exchange rates	-	-	(7,882)	17,123
	442,003	365,925	(73,812)	(62,175)
New leases	-	-	-	-
Interest expense	-	-	24,274	15,645
Interest paid	-	-	(24,274)	(15,645)
	-	-	-	-
Balance at December 31	2,488,669	2,046,666	44,341	118,153

29. Borrowings (continued)

Reconciliation of liabilities arising from financing activities (continued)

	The Company			
	Borrowings		Leases	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at January 1	2,045,214	1,679,289	161,562	286,140
Proceeds from loans	1,000,000	850,000	-	-
Repayment of loans	(557,997)	(484,075)	-	-
Repayment of lease liabilities	-	-	(145,184)	(148,453)
Effect of changes in foreign exchange rates	-	-	567	23,875
	442,003	365,925	(144,617)	(124,578)
New leases	-	-	134,207	-
Interest expense	-	-	27,250	20,502
Interest paid	-	-	(27,250)	(20,502)
	-	-	134,207	-
Balance at December 31	2,487,217	2,045,214	151,152	161,562

30. Deferred Income Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 12.5% (2021: 12.5%) for the company and 12.5% - 25% (2021: 12.5% - 25%) for the subsidiaries.

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Statement of financial position (assets)/liabilities for:				
Deferred income tax assets	(4,267)	(8,765)	-	-
Deferred income tax liabilities	1,514,386	1,700,180	948,266	1,083,959
	1,510,119	1,691,415	948,266	1,083,959

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

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Deferred income tax assets -				
Vacation leave accrual	3,266	2,394	2,566	1,917
Other payables	5,143	6,241	71	-
Employee benefit obligations	32,344	49,412	32,344	49,412
Property, plant and equipment	3,097	5,819	-	-
Unrealised foreign exchange losses	10,000	5,440	8,955	5,209
	53,850	69,306	43,936	56,538

30. Deferred Income Tax (continued)

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred income tax liabilities -				
Property, plant and equipment	1,486,798	1,536,303	916,078	920,021
Unrealised foreign exchange gains	(851)	3,704	(851)	-
Interest receivable	8,159	8,423	7,112	8,185
Retirement benefit asset	69,863	212,291	69,863	212,291
	1,563,969	1,760,721	992,202	1,140,497
Net deferred income tax liabilities	1,510,119	1,691,415	948,266	1,083,959

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Net liabilities at beginning of year	1,691,415	1,750,399	1,083,959	1,035,168
Profit or loss (Note 10)	(55,214)	35,317	(9,611)	34,426
Effect on re-measurements of post-employment benefits	(126,082)	14,365	(126,082)	14,365
Effect of change in tax rate on previous years' revaluation surplus	-	(108,666)	-	-
Net liabilities at end of year	1,510,119	1,691,415	948,266	1,083,959

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

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Vacation leave accrual	(872)	(89)	(649)	(446)
Other payables	1,255	(2,343)	(54)	-
Employee benefit obligations	(182)	(5,599)	(182)	(5,599)
Unrealised foreign exchange losses	(4,407)	843	(3,780)	(4,198)
Property, plant and equipment	(50,524)	28,285	(3,943)	33,894
Unrealised foreign exchange gains	-	3,704	-	-
Interest receivable	(553)	2,069	(1,072)	2,328
Retirement benefit asset	69	8,447	69	8,447
	(55,214)	35,317	(9,611)	34,426

30. 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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Retirement benefit asset	(149,126)	10,113	(149,126)	10,113
Employee benefit obligations	23,044	4,252	23,044	4,252
	(126,082)	14,365	(126,082)	14,365

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	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Deferred income tax assets to be recovered -				
After more than 12 months	45,724	55,231	41,299	49,412
Deferred income tax liabilities to be extinguished -				
After more than 12 months	1,556,661	1,748,594	985,941	1,132,312

31. Trade and Other Payables

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	214,188	130,652	208,905	123,433
Dividends payable	622,399	536,771	622,399	536,771
Accrual for 16% wharfage	205,610	173,623	205,610	173,623
Contract retention	226,851	15,564	226,851	15,564
Other payables and accruals	896,199	812,063	815,259	706,061
	2,165,247	1,668,673	2,079,024	1,555,452

Trade and other payables include amounts payable to related parties (Note 23).

32. Operating Leases

The Group earned property rental income of $283,395,000 (2021: $257,794,000) under operating leases.

The future minimum lease payments receivable under operating leases (excluding investment property – Note 17) are as follows:

	2022 $'000	2021 $'000
No later than 1 year	257,856	251,372
Within 1 to 5 years	10,051	23,346
	267,907	274,718

33. 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.

Bank Guarantee

The Group is contingently liable to its bankers in respect of guarantees in the ordinary course of business totaling approximately $117,000.

34. Commitments

The Group and company had capital commitments at year-end as follows:

	2022 $'000	2021 $'000
Authorised and contracted	2,124,135	4,325,764

Notes

KINGSTON WHARVES LIMITED

Proxy Form

Place **$100** Stamp Here

I/We ....

of ....

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

....

of ....

or failing him/her ....

of ....

As my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held at **AC Hotel, Kingston, 38-42 Lady Musgrave Road, Kingston 5, St. Andrew** on **Thursday, June 15, 2023 at 10 a.m.** and at any adjournment thereof.

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

Date this .... day of 2023

....

Signature

....

Signature

For more information please visit: www.kingstonwharves.com

NOTES

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.
3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
4. If the form is returned without any indication as to how the person appointed proxy shall vote, the proxy shall exercise his discretion as to how he votes or whether to abstain from voting.
5. To be valid this proxy must be deposited with the Registrar and Transfer Agent, Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston, Jamaica, or with the Company Secretary at Total Logistics Facility, 195 Second Street, Newport West, Kingston 13, St. Andrew, Jamaica, not less than 48 hours before the time appointed for holding the meeting.
6. A proxy need not be a member of the Company.

The Caribbean's Leading Multi-Purpose
Multi-User Port Terminal.

KINGSTON WHARVES LIMITED

195 Second Street Newport West, Kingston 13
Tel: 1 (876) 618-1068 / (872) 923-9211 | **Fax:** 1 (876) 923-5361
www.kingstonwharves.com | customer.services@kwljm.com