

MISSION STATEMENT

To be a high quality provider of
Marine, Cargo and Passenger Handling
and other related services to
Seaport users locally and world-wide.



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BOARD OF DIRECTORS

David Harding	Chairman
Capt. George Fergusson	Deputy Chairman
Everton Walters	Managing Director & Chief Executive Officer
Michael Weetch	Director
Karen Henry	Director
Neville Rowe	Director
Jonathan Morgan	Director
David Douglas	Director
Dr. Robin Mahon	Director
Keith Wilson	Director
Gabrielle Springer	Director

CORPORATE SECRETARY

David Jean-Marie

AUDITORS

PWC PriceWaterHouseCoopers - Chartered Accountants

ATTORNEYS-AT-LAW

Patterson Cheltenham QC

Lystra Kodilinye

BANKERS

Barbados National Bank Inc.

Bank of Butterfield

RBTT

Board of Directors



David Harding
Chairman



Everton Walters
Managing Director
& Chief Executive Officer



Capt. George Fergusson
Deputy Chairman



Dr. Robin Mahon
Director



Karen Henry
Director



Neville Rowe
Director



Gabrielle Springer
Director



Keith Wilson
Director



Jonathan Morgan
Director



Michael Weetch
Director



David Douglas
Director

Management Team



David Jean-Marie
Divisional Manager,
Financial Controller &
Corporate Secretary



Everton Walters
Managing Director
& Chief Executive Officer



Kenneth Atherley
Divisional Manager, Corporate
Development & Strategy



Anthony Benn
Manager, Security Services



Richard Alleyne
Manager, Marine Services
& Harbour Master



Rawle Blackman
Manager, Terminal Operations (Ag)



Ian Stewart
Manager, Engineering



Peter Carrington
Manager, Human Resources /
Administration



Albert Soudatt
Accountant



Karl Branch
Manager, Management
Information Systems



Gregory Gittens
Project Manager

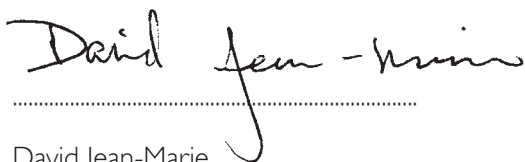
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING of the Shareholders of Barbados Port Inc. (hereinafter called "the Company") will be held at the Board Room, Barbados Port Inc., University Row, Bridgetown, St. Michael on 21 February, 2012 at 10:00am. for the following purposes:

1. To receive and consider the financial statement of the Company for the year ended 31 December 2009 together with the reports of the Directors and Auditors thereon.
2. To elect Directors of the Company
3. To appoint the Auditors for the ensuing year
4. To transact any other business which may properly come before the meeting.

Dated the 24th day of November 2011.

BY ORDER OF THE BOARD OF DIRECTORS



David Jean-Marie

Corporate Secretary

ANNUAL REPORT 2009

INTRODUCTION

Business activity in the Port of Bridgetown showed mixed performance in 2009 relative to the previous year 2008. During this period, the Company felt the effects of the global economic recession more forcefully as reflected in the general performance of the Port, particularly in the area of cargo activity.

During the period, the portfolio of International Transport was transferred to Minister, the Honourable George Hutson, and a new Board was re-constituted. The mandate to the new Board was clear: to focus on the development of the cruise facilities and services, and improve cargo services to ensure that the Bridgetown Port remained competitive.

The Board also felt it was important to enhance the image of the Port and, in this regard, sought to improve relationships and communication with key stakeholders.

It is against this backdrop that I take pleasure, on behalf of the Board and Management of Barbados Port Inc., to report on the main strategic and

operational activities of the Port during the financial and calendar year 2009.

Vessel Calls

Cargo vessel calls at the Deep Water Harbour (excluding Shallow Draught) declined by 3.3% in 2009 with 589 calls, as compared to 609 calls in 2008. The Shallow Draught Facility recorded 165 calls in 2009, a decline of 3.5% as compared with the 2008 figure of 171.

In contrast, a total of 461 cruise ship calls were made in 2009, which represented an 8.5 % increase as compared with 425 calls in 2008.



David Harding, Chairman

Table 1: Vessel Calls at Barbados (2008 – 2009) %

Vessel Calls	2008	2009	CHANGE %
General Cargo - Deep Water Harbour	582	566	-2.7%
Bulk Sugar	2	2	0.0%
Molasses	11	11	0.0%
Cargo - Bulk Handling Facility	14	10	-28.6%
Total Cargo - Deep Water Harbour	609	589	-3.3%
General Cargo - Shallow Draught	171	165	-3.5%
Cargo - Cement Plant	94	83	-11.7%
Tankers	143	126	-11.9%
Cruise Vessel Calls	425	461	8.5%
Other Vessels	361	398	10.2%
Total Calls	1,803	1,822	1.1%



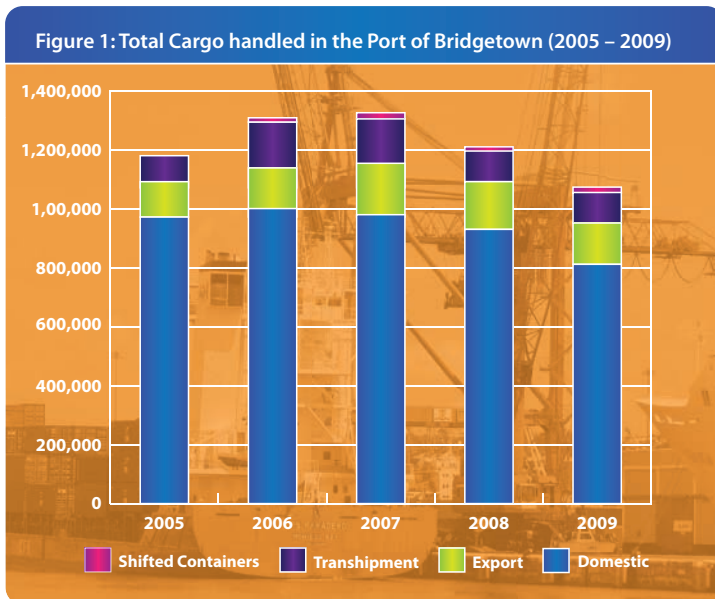


CARGO

The overall tonnage transiting the Port amounted to 1,225,529 tonnes in 2009 (excluding bulk petroleum products) as compared to 1,389,457 tonnes in 2008. This represents an 11.8% decrease.

- General Cargo handled in 2009, namely domestic, transshipment and shifting (landed and reloaded) cargoes was 1,065,143 tonnes as compared with 1,210,215 tonnes for 2008. This represents a decrease of 11.9%.
- Domestic cargo moved from 934,107 tonnes in 2008 to 813,921 in 2009.
- Transshipment cargo increased in 2009 by 1.6% when compared to 2008. The tonnage handled in 2009 was 103,367 tonnes while 2008 transshipment cargo handled was 101,788 tonnes.
- Export cargo in 2009 was 140,669 tonnes as compared to 164,099 tonnes in 2008. This represents a decrease of 14.3%.

The distribution of cargo for the period 2005 to 2009 is shown in Figure 1.

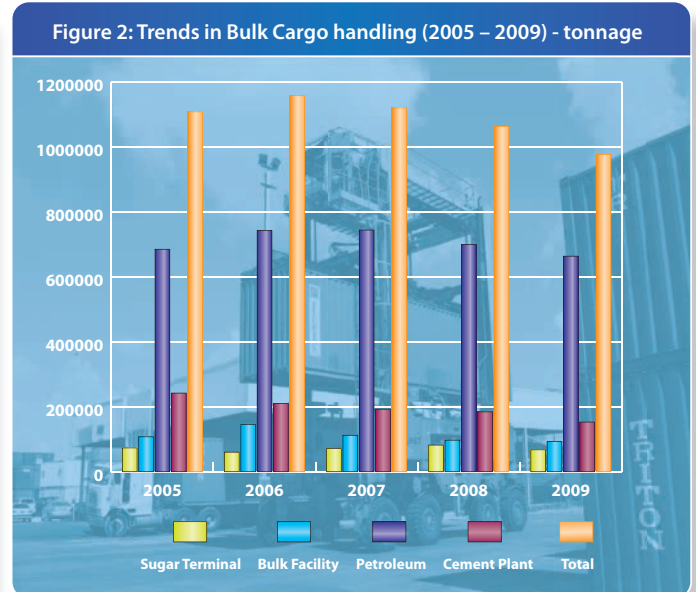


Bulk handling

Break bulk activity declined by 8.1% between 2008 and 2009, moving from 1,062,853 tonnes to 977,071 tonnes

The breakdown of the bulk handling activity (Fig. 2) is as follows:

- Tonnage handled at the Bulk Facility (fish oil, grain and fertilizer) was 83,335 in 2009 and 95,860 in 2008, representing a decrease of 13.1%.
- The Bulk Sugar and Molasses Terminal recorded a total of 67,592 tonnes in 2009 representing a decrease of 17.7% when compared with the 2008 figure of 82,110.
- Petroleum products decreased by 5.1% from 699,218 tonnes in 2008 to 663,750 tonnes handled in 2009.
- Dry bulk cargo handled at the Cement Plant decreased by 17.2% from 184,665 tonnes in 2008 to 152,937 tonnes in 2009.





Container Throughput

The total number of containers (TEUs) handled (full and empty) in 2009 was 82,832 as compared to 87,253 in 2008, a decrease of 5.1%. (Fig. 3)

- Full containers discharged at Barbados were 34,671 TEUs
- Transshipment containers handled in 2009 were 7,594 TEUs as compared to 7,806 TEUs in 2008. This represents a decrease of 2.7%.
- Empty containers discharged from vessels decreased by 52.9% when comparing the figure of 1,047 TEUs in 2009 to 2,225 TEUs in 2008.
- Empty containers shipped from Barbados were 33,449 TEUs in 2009 in comparison with 32,309 TEUs in 2008. A change of 3.5%.
- Containers shipped out full as export boxes were 6,071 TEUs in 2009 in comparison with 6,988 TEUs in 2008. A change of 13.1%

Personal Effects

The Port handled 55,314 units of personal effects in 2009, down 6.8% over the 2008 figure of 59,370 (see Fig. 4).

Figure 4. Personal effects cargo (2005 – 2009)

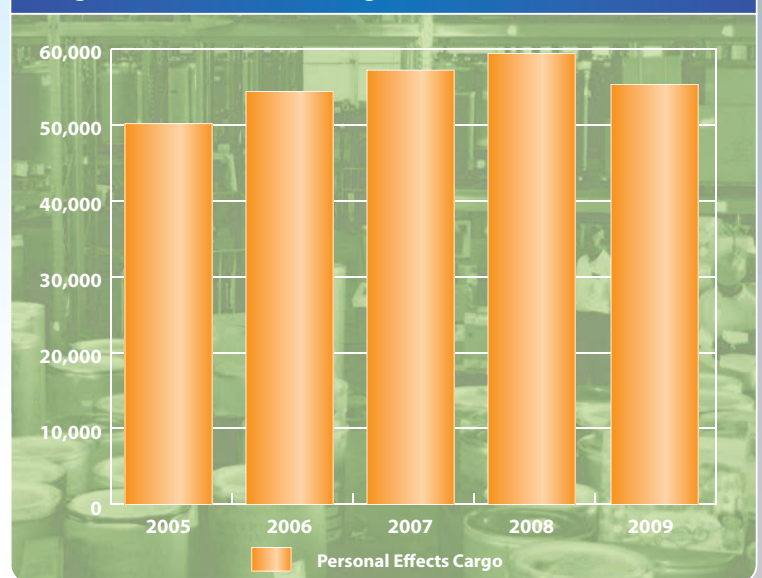
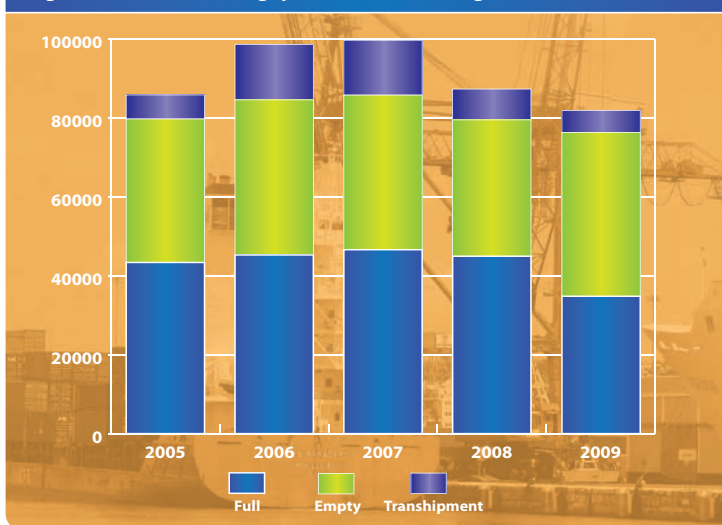


Figure 3: Container throughput at the Port of Bridgetown (2005 -2009) -TEUs



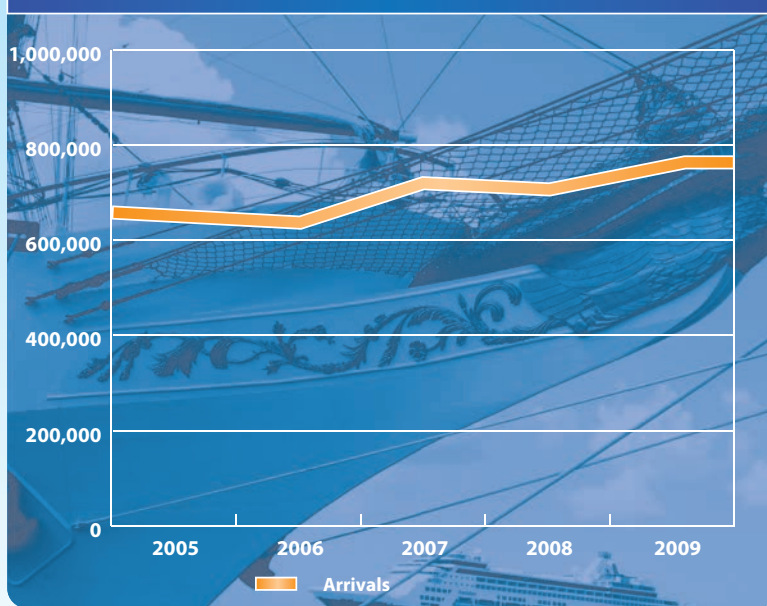
CRUISE

Passenger arrivals in 2009 were 778,864 as compared to 706,788 in 2008, an increase of 10.2% (Fig. 5). Approximately 56% of the total cruise business was associated with Carnival Corporation Lines, with Barbados receiving 190 calls from 29 Carnival Corporation vessels during 2009 (Appendix 1).

Barbados also registered an increase in calls from Royal Caribbean Cruise Lines (27% of the total 461 calls in 2009), with some 238,890 cruise passenger arrivals. This was the first year in which passenger arrivals from Royal Caribbean Cruise Lines surpassed 200,000.

The industry, however, still continues to be very seasonal (See Appendix 2).

Figure 5. Cruise Passenger arrivals from 2005 to 2009



Most of the homeport activity occurred on P & O (33%), Ocean Village (32%), Princess (13%), Fred Olsen (7%), and Island Cruises (7%) vessels. Passengers on home porting vessels accounted for 20% of all passenger arrivals.

Cruise Development Plans

During the year, the results of the regional Cruise Passenger Economic Impact Study were published. This work, prepared by BREA on behalf of the Florida-Caribbean Cruise Association (F-CCA) and participating countries, provides a snapshot of the performance of the cruise industry relative to competing destinations. The results for Barbados revealed that significant work is required in a number of areas:

- Passenger spend at Barbados averaged US \$69.94 per passenger, down from the previous survey value of US \$111.
- Spending by homeport passengers averaged US\$72.15.
- Average spending by crew on cruise vessels averaged US\$54.26 per crew member.

Inaugural calls

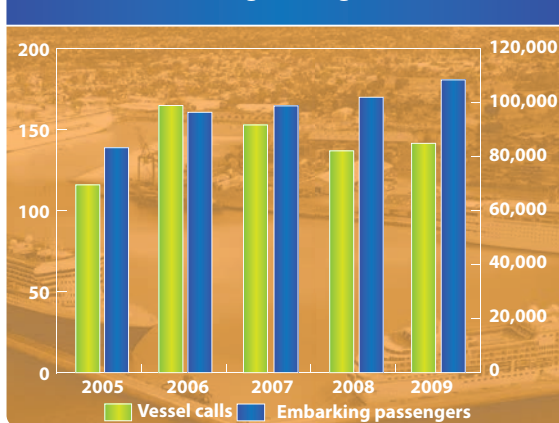
Generally, there was significant new cruise business to Barbados, as the island registered the arrival of 9 new vessels to Barbados. This reflects continued confidence in Barbados and reinforces the need to keep the Barbados product fresh.

Home porting activity

Some 115,266 passengers embarked on 19 ships that conducted either partial or full passenger embarkations at Barbados. (Appendix 3 and Figure 6)

It was noted that Barbados performed in the lower 50% among countries in the survey, on the above parameters, providing a signal that as a destination there is significant work to be done to enhance the benefits from cruise tourism.

Figure 6 . Homeport activity vessel calls and Embarking Passengers



On the positive side, however, Barbados ranked high among the 24 countries in the survey with respect to overall satisfaction, with a mean rating of 7.2.

Having regard for the generally good performance in cruise during the year, a number of initiatives were made to further enhance the performance of cruise in Barbados:

1. Approval to proceed with the new contract with Carnival Corporation was obtained, which will:
 - Guarantee 400,000 passengers per year
 - Incentivize the sail and stay cruise tourism during the summer
 - Allow for joint marketing to promote cruises into Barbados.

2. Government also gave the green-light for the Port to initiate the process with respect to the construction of a cruise pier and ancillary facilities:
 - Expressions of Interests were received from 10 firms.
 - Plans were initiated to ensure that the pier construction could begin towards the end of 2011.
3. Following consultations with the cruise lines, it was proposed that in the short term, Speightstown be developed as a brand, and integrated into the programme for tours to the cruise industry. In the longer term, an assessment will be made on the level of infrastructure that will be needed to expand the cruise tourism product in Speightstown. This will be done in collaboration with Barbados Tourism Investment Inc.

INFORMATION TECHNOLOGY

Barbados Port Inc. continued to support the Government's effort to study the operations of the Port in the context of creating a competitive environment for business.

In the meantime, a number of enhancements have been made to the Company's Information Technology systems:

- Computerized commercial warehouse system
- Enhancements to the Billing Systems
- Development of an E-manifest Web Portal
- Development of Terms of Reference for a new computerized Port Management System
- Installation of a Purchasing Module (Data Stream 7i)
- Preparation of tenders for a VOIP Telephone System

HUMAN RESOURCES

Industrial relations

Following a fairly lengthy period of negotiations with the Barbados Workers' Union, the Port has started to make progress towards productivity gains and revision of systems that will contribute towards lowering the cost of operation. Agreement was reached on the following areas:

Annexing of the shallow draught shed to Shed 4: - thereby reducing the staff at the Shallow Draught Shed, and managing the in-frequent, inter-island operation from Shed 4 when vessels are in the Shallow Draught.

Cancellation of Labour for 23:00 hours to 07:00 hours: - The parties reached agreement that Labour ordered on the 23:00 hours to 07:00 hours shift on Saturdays may be cancelled without pay provided there was adequate notice by 1600 hours the same day.

Implementation of multi-skilling at the workshop: - The parties agreed to broaden the multi-skilling programme at the workshop, with new manning levels for staff across the three shifts, clarity on the work activity expected out of each shift, the engagement of six (6) additional apprentices, and the extension to the opening hours of the storeroom, to facilitate availability of spare parts.

Incinerator: - A third shift was added to the incinerator operation for the cruise season.

Overtime for marine staff: - A new overtime payment system was introduced for marine staff to reduce the costs incurred when shifts are held over for short period to ensure smooth working of vessels.

Wages and Salaries: - The parties settled on a three year Wages and Salaries Agreement:

Year 1: June 1 2008 to May 31 2009: 2.5% payable from 1st December 2008.

Year 2: June 1 2009 to May 31 2010: 3.5%

Year 3: June 1 2010 to May 31 2011: 5%



A number of items remained on the table for further discussion and negotiation and fortunately, there is goodwill on the part of both parties to establish improved productivity-based systems of work at the Port of Bridgetown.

Health and Safety

The joint Safety and Health Committee comprising representatives from management and employees, held several meetings during the year to review a number of issues pertaining to health and safety in the workplace.

There was also a revision to the Safety and Health Manual for the Port and a Draft Evacuation Plan for Staff in the Administration Building was prepared.

Employee Benefits and Administration

Following the successful establishment of the Defined Contribution (DC) and the Defined Benefit (DB) Plans, the Human Resources Department was charged with the responsibility for administration of these Plans.

- The Defined Contribution Pension Plan commenced in February 2009 with membership contribution comprising a compulsory 5% of basic earnings above the NIS insurable limit plus a voluntary contribution to a maximum of 2.5%. All employee contributions were matched equally by the employer. This plan now has a membership of 63 persons. All new employees are mandated to join the DC Pension Plan.
- With respect to the Defined Benefit Pension Plan, a Governance Plan was developed to outline the policies and procedures for effective operation. During the year, the active membership of the plan was 564 and the pensioners participating were 118. A total of 18 persons retired from the plan. The DB pension Plan is closed to new employees.

By way of attrition and replacement, the Defined Contribution Pension Plan will, over time, assist in bringing about a more sustainable Pension arrangement at the Port.

Training

Following up on the Board's mandate to focus more on performance and productivity enhancement, the Port expanded its training programme significantly during 2009, particularly in the area of Terminal Operations with respect to cargo handling, namely Deck Hands, CHU Operators, and Crane Operators, and also staff in the Engineering Services Department. Over 256 of the Company's 600 employees were exposed to training during the year in the various areas of operation.

MARKETING AND PUBLIC RELATIONS

The Market Development and Public Relations Department successfully executed a number of programmes, designed to enhance the Port's profile with its customers, and to heighten the relationship with internal customers, namely the workers and extended port family.

Management of H1N1 Outbreak

Very early in the cruise season, the industry had to deal with the global threat of the H1N1 virus. After the initial challenges, partly exacerbated by a lack of policies for handling the virus, the Port worked with key stakeholders, especially the Ministry of Health and the Barbados Workers' Union, to formalize the processes for dealing with events when the passengers on-board show signs of the virus, and also to develop the necessary campaign to sensitize staff about the virus.

CLEAN HANDS SAVE LIVES

- It is best to wash your hands with soap and warm water for 20 seconds.
- When water is not available, use alcohol-based products (sanitizers).
- Wash hands before preparing or eating food and after going to the bathroom.
- Keeping your hands clean helps you avoid getting sick.

When should you wash your hands?

- Before preparing or eating food
- After going to the bathroom
- After changing diapers or cleaning up a child who has gone to the bathroom
- Before and after caring for someone who is sick
- After handling uncooked foods, particularly raw meat, poultry, or fish
- After blowing your nose, coughing, or sneezing
- After handling an animal or animal waste
- After handling garbage
- Before and after treating a cut or wound
- After handling items contaminated by food waste or sewage
- When your hands are visibly dirty

Using alcohol-based sanitizers

- Apply product to the palm of one hand.
- Rub hands together.
- Rub product over all surfaces of hands and fingers until hands are dry. Note: the volume needed to make the number of passes varies by product.

Washing with soap and water

- Place your hands together under water (warm if possible).
- Rub your hands together for at least 20 seconds both soap if possible.
- Wash your hands thoroughly, including wrists, palms, back of hands, and under the fingernails.
- Clean the dirt from under fingernails.
- Rinse the soap from your hands.
- Dry your hands completely with a clean towel if possible (this helps remove the germs). However, if towels are not available it is okay to air dry your hands.
- Put your skin rather than rubbing to avoid chapping and cracking.
- If you use a disposable towel, throw it in the trash. Remember: If soap and water are not available, use an alcohol-based hand sanitizer.



Health Fair

The Port organized a Health Fair on October 30, where Port workers were treated to blood pressure and cholesterol checks, yoga demonstrations and health presentations. Displays were also mounted by a number of health and safety companies.

Port Page Publications

Sixteen issues of the Port Page were published during the year under review. Seven of these topics covered areas that addressed the continuing debate concerning the role of the Port in the cost of living in Barbados. The topics covered were:

- 24 Hour Operations at the Port
- The Bridgetown Port – An RS&D (Receive, Store & Delivery) Port
- Supporting Commerce
- Health & Safety Drives Port Operations
- Clearing Your Barrels
- The Port Pass Policy – Ensuring Access Control & Safety
- The Bridgetown Port: Part I – Three Centuries of Planning
- The Bridgetown Port: Part II – ‘Best in Class’
- New Taxi Terminal for the Port
- Celebrating the Workers’ Day – May Day
- Monitoring the H1N1 Flu Virus
- Medical Facility Promotes ‘Project Heal’
- Port Tours to mark Maritime Week
- Port Celebrates Ambassador Ryan’s Success
- Educational Outreach Touches the Community
- The Port Experience Summer Camp – A Camp with a Difference

Port Newsletter

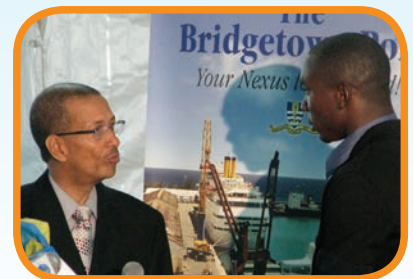
Other critical public relations initiatives included:

- Publication of a Port Newsletter

- Port tours for over 400 primary and secondary school students
- Celebration of World Maritime Week
- Hosting of the Port Experience Summer Camp from August 4 - 14.

Welcoming a champion: Ambassador Ryan Brathwaite

One of the highlights of the year for the Port was our role in the preparation of events to celebrate and welcome Barbados’ newest track hero, Ryan Brathwaite, World Champion in the 110 metre hurdles in Berlin. Ryan has a special connection to the Port, since his father is an employee in the Terminal Operations Department.



Ambassador Ryan was honoured by the Government of Barbados, and the Port celebrated his achievement with a special homecoming reception in September. The Ambassador was greeted by the Chairman and the Board of Directors, CEO and the management and staff of the Company. Ambassador Ryan was presented with several gifts of appreciation which included a monetary donation, a personalized gold and diamond bracelet, and a commemorative plaque.



The Port also made the first donation to the Ryan Brathwaite Olympic Support Fund at an official ceremony held by the Barbados Olympic Association on November 2.



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SECURITY

The Security Department expanded its activities with respect to the application of the HCV-Mobile scanner for the screening of containers.

In addition, the services of the Security Department are being increasingly used for the scanning of baggage on behalf of homeporting vessels.

The department also conducted a Security Assessment of the Port and revised the Security Plan as part of the compliance process under the (International Ship and Port Facility Ship (ISPS) code.

Significant progress was also made in relation to upgrading the systems and facilities for Taxi Dispatch Operations at the Port. A new recreational facility was constructed for taxi operators and the Port worked with the Bridgetown Cruise Terminals Inc. to have a new dispatch terminal constructed, which will create a more customer friendly environment for dispatching passengers.

EQUIPMENT AND FACILITIES MAINTENANCE

During 2009 the Engineering Department completed the following major projects:

1. Reviewed Engineering processes within the workshop.
2. Dry-docked the Tug Barbados II.
3. Completed training on Container Handling Equipment and Fluid Power Equipment maintenance.
4. Implemented the Computerized Management Maintenance System in the Workshop and storeroom. A procurement module was also integrated with this system.
5. Completed a thorough inspection of the Chamberlain Bridge following a reported bridge operation failure.

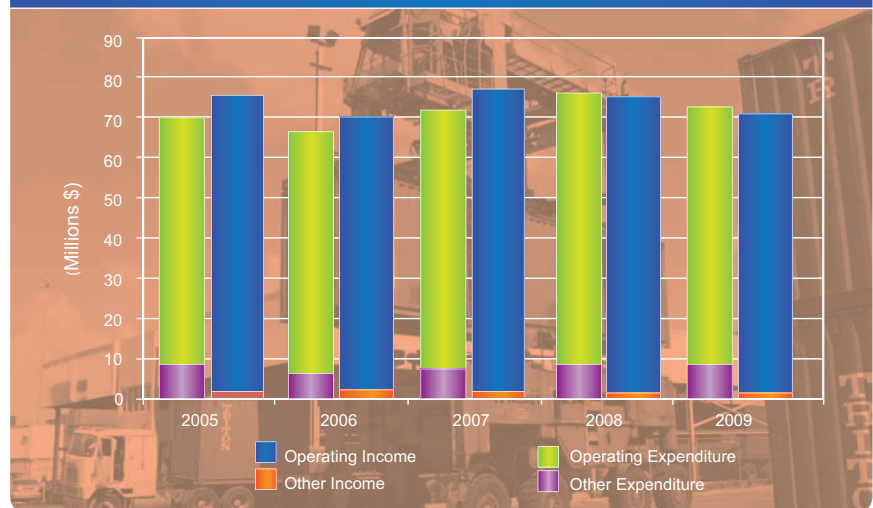
A major restructuring of the functioning and work load distribution within the workshop was initiated through a joint committee of Management and the Barbados Workers' Union. The intention of this restructuring is to ensure more equitable distribution of work across the three shifts, thereby improving equipment availability for work starting each day with the 0700 shift.

A number of maintenance programmes were successfully completed during the year. The Company, however, remains concerned about the ageing equipment fleet. In the long term, a financing strategy will be required to replace a major section of the fleet. In the short term, we will have to rely on the enhanced maintenance systems and new institutional arrangements to optimize equipment availability.

FINANCIAL REVIEW

The revenue and expenditure performance of Barbados Port Inc. for the five year period, 2005 to 2009, is summarized in Figure 7 below.

Figure 7. Total Operating Income & Expenditure for the period 2005 -2009





Income Performance

In keeping with the trend of reducing cargo volumes, the Receiving, Storing and Delivery revenue, as well as, Excess Storage receipts declined significantly by 11% and 31%, respectively, during 2009 compared to 2008. These two areas were collectively responsible for \$6.7 million in reduced income.

There were three areas reflecting positive growth as follows:-

Revenue Item	Incremental Revenue	% change	Reason
Marine Revenue	\$485,512	10%	Tariff revision
Passenger Levy	\$646,308	11%	Higher cruise passenger arrivals
Misc. Revenue	\$1,411,767	141%	Higher insurance claim settlements

The net result of the above was a reduction of Total Operating Income by 5.8% from \$73.9 million in 2008 to \$69.7 million in 2009.

Expenditure

Concomitant with the reduced revenue activities were the imposition of cost containment measures which resulted in expenses declining by 5.4% from \$68.3 million in 2008 to \$64.6 million in 2009. The principal area of expense control was staff costs which declined by \$2.6 million (\$41.6 million in 2008 compared to \$39.0 million in 2009), in spite of higher salaries/wages consequent to a revision of the Collective Agreement with the Barbados Workers' Union (BWU). Additionally, Other Expenses declined by \$1.6 million due to reductions in Depreciation, Fuel & Lubricants cost and Building Repairs by \$0.8 million, \$0.4 million and \$0.5 million, respectively.

The above income and expenditure performances resulted in Profit from Operations of \$5.85 million in 2009 compared to \$6.46 million in 2008, a decline of

9.4%; and an increase in the Loss before Taxation to \$2.4 million in 2009 compared to \$1.2 million in 2008.

Whereas there was a significant tax credit of \$2.7 million in 2008 which resulted in a positive Net Income of \$1.57 million in 2008, the inconsequential tax credit of \$22,012 combined with the unrealized loss on financial investments of \$224,999 resulted in a Net Loss for the Company of \$2.57 million in the year ended 31 December 2009.

BALANCE SHEET

The Company's Balance Sheet as at 31 December 2009 revealed a decrease in total assets of 3.5 percent from \$228 million to \$220 million, continuing the decline of the previous year. Both Current assets

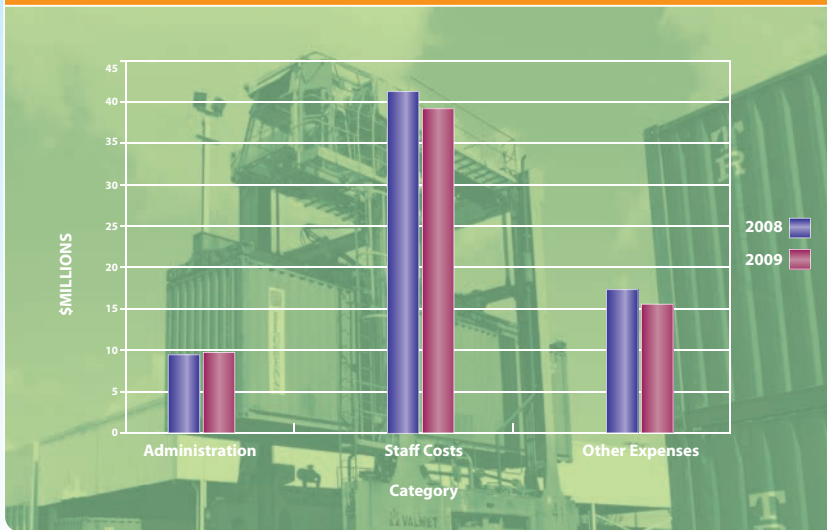
and Non-current assets declined by approximately \$3.4 million and \$4.4 million, respectively. The most striking aspect of Current assets was the depletion of the cash balance by \$7 million to meet debt and operating commitments; whereas, accounts receivable increased by approximately \$2 million (from \$7.3 million in 2008 to \$9.3 million in 2009) as ships' agents and tenants were challenged in the prevailing economic climate to meet obligations in a timely manner. Cash and cash equivalents stood at \$2 million as at 31 December 2009. This environment also restricted the ability of the Company to acquire much needed capital equipment; and actual acquisitions were outstripped by depreciation, hence the decline of Non-current assets.

There were no remarkable changes with respect to Liabilities and Equity as at 31 December 2009 compared to the previous year, except for an increase of \$1 million owed to Bridgetown Cruise Terminals Inc. and the retirement of Long-term loans by \$6.7 million in accordance with the terms agreed with the financing





FIGURE 8. EXPENSES 2008– 2009



CONCLUSION

The year 2009 saw improvements in the performance in cruise. Unfortunately, in our main revenue business, cargo, we have seen a decline to a level that is significant, and has had an adverse impact on the overall financial performance recorded.

While the observed performance is linked in part to the global recession that was impacting countries worldwide, the direct impact on the Company was immediate, given the cost structure of the Port, where a significant portion of the expenditure relates to labour as well as the debt service.

institutions. Long-term loans stood at \$112 million as at 31 December 2009. With respect to the retirement benefit obligations, there was an increase in the liability by approximately \$0.626 million to reach \$19.5 million as at 31 December 2009.

Barbados Port Inc. ended 2009 in a weakened financial position due to the reduced cargo activity occasioned by the prevailing economic conditions. This resulted in a net loss for the year precipitated by a significant reduction of revenue in spite of the positive effect of the cost containment effort.

The outlook for 2010 is of some concern; and, given the high debt service and pension obligations, the Company may be forced to utilize its bank overdraft facility in the short term to assist with necessary operational expenditure. In the ensuing period, efforts will have to be re-doubled at achieving labour efficiencies and enhancing revenue where feasible.

Indeed, the outlook for the next year is not likely to be better than 2009. It is therefore imperative that the Board, Management and Staff take immediate steps to manage expenditure more zealously, and also look at longer term plans to improve the performance of the Port. In this regard, there will be a focus on review of Port operations and enhancement to the information system which should position the Bridgetown Port for functioning in a more cost-effective regime. The Board will also take steps to effect a quality management system and enhance the customer service programmes within the Company.

Our efforts must be focused on cost efficiency, customer satisfaction, preparing for the future and building partnerships – we cannot do it alone. In this regard, the staff will be challenged to resuscitate the Port Facilitation Committee, a stakeholder-based forum for addressing the various services provided by the Government and private sector entities which operate within the Port.



ACKNOWLEDGEMENTS

The Board of Directors takes this opportunity to offer sincere appreciation to those who have contributed to the effective operation of the Port during the period in review, particularly:

- The Honourable David Thompson, Q.C. M.P Prime Minister
- The Government of Barbados
- The Honourable Minister, George Hutson, Minister of International Business and International Transport
- Permanent Secretary, Ministry of International Business and International Transport
- Management and Staff of Barbados Port Inc.
- Shipping Association of Barbados
- The Barbados Workers' Union
- Barbados Tourism Authority
- Customs and Excise Department
- Immigration Department
- Ministry of Finance, Investment, Telecommunications and Energy
- Ministry of Health
- Ministry of Agriculture



David Harding
Chairman

Appendix I: Cruise statistics by Cruise Vessels 2008 and 2009

BARBADOS PORT INC. Cruise statistics by Cruise Vessels (2008 and 2009)

	CALLS		PASSENGERS	
	2008	2009	2008	2009
Aida Cruises	11	3	12,992	3,471
Astor Shipping Co	1	0	400	0
Carnival Cruise Lines	45	53	137,573	161,977
Celebrity Cruises	19	31	36,126	64,251
Clipper Stadt	0	1	0	25
Costa Cruise Line	2	2	4,818	4,496
Crystal Cruises	1	3	921	2,001
Cunard Cruises	14	5	34,363	12,807
Delphin Cruises	1	2	362	730
Discovery Cruises	1	0	534	0
Fred Olsen Cruises	15	20	11,433	16,539
Hapag Lloyd	1	1	270	339
Holland America Line	27	20	36,519	26,189
Island Star Cruises	2	7	2,983	10,112
Tui Cruises	0	5	0	6,461
Majestic Cruise Line	1	4	116	474
Maritime Universal	1	0	267	0
Mediterraneaen Shipping Co	1	1	1,445	2,462
Norwegian Cruise Line	25	15	63,430	37,248
Oceania Cruise Line	1	1	636	648
Orient Line	1	2	699	1,333
P & O Cruises	51	55	95,917	107,093
Princess Cruises	37	47	93,879	118,554
Pullmantur Cruises	26	35	20,227	27,233
Regent seven Seas Cruises	3	2	1,368	968
Residensea	1	1	64	224
Royal Caribbean Cruise Line	51	52	129,374	140,945
Saga Holidays	3	4	818	1,050
Seabourn Cruise Line	6	6	1,168	2,066
Seadream Yacht Co.	3	0	300	0
Sevices Transport Intl	7	6	1,617	1,458
Silversea Cruises	8	9	2,054	2,538
Star Clippers Inc	21	23	3,842	3,939
Thomson Cruises	2	11	2,780	15,798
V Ships	2	0	1,150	0
Waybell Cruises	2	0	811	0
Windjammer Cruises	10	14	616	943
Windstar Sail Cruises	22	20	4,916	4,492
GRAND TOTAL	425	461	706,788	778,864

Appendix 2: Passenger arrivals, departures and cruise ship calls 2008 and 2009

BARBADOS PORT INC. PASSENGER ARRIVALS, DEPARTURES AND CRUISE SHIP CALLS FOR THE YEARS 2009 & 2008															
MONTH	NUMBER OF CALLS			ARRIVING PASSENGERS			EMBARKING PASSENGERS			DISEMBARKING PASSENGERS			DEPARTING PASSENGERS		
	2009	2008	% +/-	2009	2008	% +/-	2009	2008	% +/-	2009	2008	% +/-	2009	2008	% +/-
JANUARY	83	78	6.41%	125,322	130,460	-3.94%	31,872	19,209	65.92%	31,883	19,571	62.91%	125,311	130,098	-3.68%
FEBRUARY	69	58	18.97%	106,506	89,140	19.48%	24,046	18,270	31.61%	23,866	17,884	33.45%	106,686	89,526	19.17%
MARCH	65	72	-9.72%	108,537	105,009	3.36%	22,148	14,919	48.45%	24,080	15,037	60.14%	106,605	104,891	1.63%
APRIL	44	45	-2.22%	68,611	72,738	-5.67%	10,724	5,636	90.28%	10,749	6,210	73.09%	68,586	72,164	-4.96%
MAY	15	8	87.50%	31,500	20,791	51.51%	2,014	442	355.66%	2,274	448	407.59%	31,240	20,785	50.30%
JUNE	11	6	83.33%	22,157	19,614	12.97%	1,068	473	125.79%	1,255	441	184.58%	21,970	19,646	11.83%
JULY	13	7	85.71%	26,054	22,930	13.62%	1,478	667	121.59%	1,387	604	129.64%	26,145	22,993	13.71%
AUGUST	10	6	66.67%	23,487	19,599	19.84%	985	577	70.71%	856	504	69.84%	23,616	19,672	20.05%
SEPTEMBER	12	4	200.00%	28,759	12,678	126.84%	1,533	134	1044.03%	1,491	128	1064.84%	28,801	12,684	127.07%
OCTOBER	14	9	55.56%	30,545	14,462	111.21%	3,491	79	4318.99%	3,557	38	9260.53%	30,479	14,503	110.16%
NOVEMBER	49	50	-2.00%	82,129	78,018	5.27%	18,929	21,650	-12.57%	18,654	21,283	-12.35%	82,404	78,385	5.13%
DECEMBER	76	82	-7.32%	125,257	121,349	3.22%	23,048	26,451	-12.87%	23,212	25,841	-10.17%	125,093	121,959	2.57%
TOTAL YTD	461	425	8.47%	778,864	706,788	10.20%	141,336	108,507	30.26%	143,264	107,989	32.67%	776,936	707,306	9.84%
TOTAL	461	425		778,864	706,788		141,336	108,507		143,264	107,989		776,936	707,306	

BARBADOS PORT INC HOMEPORTING CRUISE SHIPS 2000 - 2009															
	VESSELS			CALLS			ARRIVED			DISEMBARKED			EMBARKED		
	H-PORTING	TOTAL	%	H-PORTING	TOTAL	%	H-PORTING	TOTAL	%	H-PORTING	TOTAL	%	H-PORTING	TOTAL	%
2000	13	70	18.57	116	495	23.43	57,438	582,832	9.85	40,323	49,509	81.45	37,910	49,111	77.19
2001	13	66	19.70	124	451	27.49	80,305	593,775	13.61	58,934	66,589	88.50	58,839	66,178	88.91
2002	11	74	14.86	115	423	27.19	61,694	578,541	10.66	47,810	54,912	87.07	47,972	54,599	87.86
2003	16	75	21.33	119	442	26.92	84,069	625,946	13.43	57,307	64,452	88.91	58,265	65,160	89.42
2004	17	76	22.37	114	530	21.51	103,138	812,863	12.69	81,652	91,274	89.46	82,117	89,848	91.40
2005	19	69	27.54	116	395	29.37	101,621	646,248	15.72	77,754	83,351	93.29	76,625	81,914	93.54
2006	22	71	30.99	165	442	37.33	126,870	637,017	19.92	90,136	96,480	93.42	89,744	96,281	93.21
2007	24	81	29.63	153	486	31.48	119,992	719,932	16.67	86,271	98,853	87.27	87,898	99,708	88.16
2008	21	80	26.25	137	425	32.24	137,064	706,788	19.39	101,078	107,989	93.60	101,307	108,507	93.36
2009	19	73	26.03	143	461	31.02	153,875	778,864	19.76	117,142	143,264	81.77	115,266	141,339	81.55

Appendix 4: TEUs by shipping line for the year 2008

BARBADOS PORT INC. TEU's BY SHIPPING LINE FOR THE YEAR 2008																												
SHIPPING LINE	DISCHARGED			TRANSSHIPMENT			EMPTY			TOTAL			LOADED		TRANSSHIPMENT			EMPTY		TOTAL		%		TOTAL TEU's		%		
	LOCAL	EMPTY	TOTAL	%	LOCAL	EMPTY	TOTAL	%	LOCAL	EMPTY	TOTAL	%	LOCAL	EMPTY	TOTAL	%	LOCAL	EMPTY	TOTAL	%	LOCAL	EMPTY	TOTAL	%	LOCAL	EMPTY	TOTAL	%
BERNUTH	6,325.50	30.00	6,565.50	14.69	210.00	30.00	6,565.50	14.69	251.00	238.00	5,648.75	14.42	238.00	0.00	238.00	0.00	238.00	0.00	5,648.75	14.42	238.00	0.00	6,137.75	14.42	12,703.25	14.56		
SEAFREIGHT LINE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CAT	3,607.25	9.00	3,683.25	8.24	67.00	9.00	3,683.25	8.24	197.00	9.00	3,570.50	8.87	9.00	0.00	9.00	0.00	9.00	0.00	3,570.50	8.87	9.00	0.00	3,776.50	8.87	7,459.75	8.55		
CMA CGM	5,464.25	41.00	5,548.25	12.42	43.00	41.00	5,548.25	12.42	1,197.00	57.00	4,652.25	13.88	57.00	0.00	57.00	0.00	57.00	0.00	4,652.25	13.88	57.00	0.00	5,906.25	13.88	11,454.50	13.13		
EWLU	351.00	23.00	382.00	0.85	8.00	23.00	382.00	0.85	58.00	4.00	704.00	1.80	4.00	0.00	4.00	0.00	4.00	0.00	704.00	1.80	4.00	0.00	766.00	1.80	1,148.00	1.32		
GEEST	2,060.00	267.00	2,768.00	6.19	441.00	267.00	2,768.00	6.19	375.00	106.00	920.00	3.29	106.00	0.00	106.00	0.00	106.00	0.00	920.00	3.29	106.00	0.00	1,401.00	3.29	4,169.00	4.78		
KNLU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MAERSK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SBML	5,246.75	134.00	5,555.75	12.43	175.00	134.00	5,555.75	12.43	1,259.25	52.00	3,694.00	11.76	52.00	0.00	52.00	0.00	52.00	0.00	3,694.00	11.76	52.00	0.00	5,005.25	11.76	10,561.00	12.10		
MARFRET	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TROPICAL	9,235.00	1,663.00	14,399.00	32.22	3,501.00	1,663.00	14,399.00	32.22	2,996.00	2,786.00	8,055.50	32.51	2,786.00	0.00	2,786.00	0.00	2,786.00	0.00	8,055.50	32.51	2,786.00	0.00	13,837.50	32.51	28,236.50	32.36		
ZIM	5,511.00	53.00	5,658.00	12.66	94.00	53.00	5,658.00	12.66	644.00	13.00	4,941.00	13.15	13.00	0.00	13.00	0.00	13.00	0.00	4,941.00	13.15	13.00	0.00	5,598.00	13.15	11,256.00	12.90		
SEA TRADE LINE	124.00	0.00	124.00	0.28	0.00	0.00	124.00	0.28	0.00	2.00	123.00	0.29	2.00	0.00	2.00	0.00	2.00	0.00	123.00	0.29	2.00	0.00	125.00	0.29	249.00	0.29		
OTHER	0.00	5.00	5.00	0.01	0.00	5.00	5.00	0.01	11.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	0.00	0.00	11.00	0.03	16.00	0.02		
TOTAL	37,924.75	2,225.00	44,688.75		4,539.00	2,225.00	44,688.75		6,988.25	3,267.00	32,309.00		3,267.00		32,309.00		3,267.00		42,564.25		3,267.00		42,564.25		87,253.00			

Appendix 5: TEUs by shipping line for the year 2009

BARBADOS PORT INC. TEU's BY SHIPPING LINE FOR THE YEAR 2009																						
SHIPPING LINE	DISCHARGED		TRANSSHIPMENT		EMPTY		TOTAL		LOADED		TRANSSHIPMENT		EMPTY		TOTAL		%		TOTAL TEU's		%	
	LOCAL	TOTAL	TRANSSHIPMENT	EMPTY	TOTAL	%	LOCAL	TOTAL	TRANSSHIPMENT	EMPTY	TOTAL	%	TRANSSHIPMENT	EMPTY	TOTAL	%	TOTAL TEU's	%	TOTAL TEU's	%		
BERNIUTH	6,325.50	6,565.50	210.00	30.00	6,565.50	14.69	251.00	6,137.75	238.00	5,648.75	6,137.75	14.42	238.00	5,648.75	6,137.75	14.42	12,703.25	14.56	12,703.25	14.56		
SEAFREIGHT LINE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
CAT	3,607.25	3,683.25	67.00	9.00	3,683.25	8.24	197.00	3,776.50	9.00	3,570.50	3,776.50	8.87	9.00	3,570.50	3,776.50	8.87	7,459.75	8.55	7,459.75	8.55		
CMA CGM	5,464.25	5,548.25	43.00	41.00	5,548.25	12.42	1,197.00	5,906.25	57.00	4,652.25	5,906.25	13.88	57.00	4,652.25	5,906.25	13.88	11,454.50	13.13	11,454.50	13.13		
EWLU	351.00	382.00	8.00	23.00	382.00	0.85	58.00	766.00	4.00	704.00	766.00	1.80	4.00	704.00	766.00	1.80	1,148.00	1.32	1,148.00	1.32		
GEEST	2,060.00	2,768.00	441.00	267.00	2,768.00	6.19	375.00	1,401.00	106.00	920.00	1,401.00	3.29	106.00	920.00	1,401.00	3.29	4,169.00	4.78	4,169.00	4.78		
KNLU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
MAERSK	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
SBML	5,246.75	5,555.75	175.00	134.00	5,555.75	12.43	1,259.25	5,005.25	52.00	3,694.00	5,005.25	11.76	52.00	3,694.00	5,005.25	11.76	10,561.00	12.10	10,561.00	12.10		
MARFRET	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
TROPICAL	9,235.00	14,399.00	3,501.00	1,663.00	14,399.00	32.22	2,996.00	13,837.50	2,786.00	8,055.50	13,837.50	32.51	2,786.00	8,055.50	13,837.50	32.51	28,236.50	32.36	28,236.50	32.36		
ZIM	5,511.00	5,658.00	94.00	53.00	5,658.00	12.66	644.00	5,598.00	13.00	4,941.00	5,598.00	13.15	13.00	4,941.00	5,598.00	13.15	11,256.00	12.90	11,256.00	12.90		
SEA TRADE LINE	124.00	124.00	0.00	0.00	124.00	0.28	0.00	125.00	2.00	123.00	125.00	0.29	2.00	123.00	125.00	0.29	249.00	0.29	249.00	0.29		
OTHER	0.00	5.00	0.00	5.00	5.00	0.01	11.00	11.00	0.00	0.00	11.00	0.03	0.00	0.00	11.00	0.03	16.00	0.02	16.00	0.02		
TOTAL	37,924.75	44,688.75	4,539.00	2,225.00	44,688.75		6,988.25	42,564.25	3,267.00	32,309.00	42,564.25		3,267.00	32,309.00	42,564.25		87,253.00		87,253.00			



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Barbados Port Inc.

Financial Statements

December 31, 2009

(expressed in Barbados dollars)

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FINANCIAL STATEMENTS

Barbados Port Inc.

Board of Directors, Officers and Advisors

For the year ended December 31, 2009

Board of Directors

David Harding	-	Chairman
Captain George Fergusson	-	Deputy Chairman
Everton Walters	-	Managing Director
David Douglas	-	Director
Karen Henry	-	Director
Dr. Robin Mahon	-	Director
Jonathan Morgan	-	Director
Neville Rowe	-	Director
Gabrielle Springer	-	Director
Michael Weetch	-	Director
Keith Wilson	-	Director

Secretary

David Jean-Marie

Attorneys-at-law

Lystra Kodilinye

Bankers

Barbados National Bank Inc.
Butterfield Bank
RBTT

Auditors

PricewaterhouseCoopers
Chartered Accountants

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Barbados Port Inc.

We have audited the accompanying financial statements of **Barbados Port Inc.** ("the Company"), which comprise the statement of financial position as of December 31, 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Barbados Port Inc.** as of December 31, 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The financial statements of **Barbados Port Inc.** as of December 31, 2008 were audited by other auditors whose report, dated November 12, 2009, expressed an unqualified opinion on those statements.



Chartered Accountants
October 18, 2010
Bridgetown, Barbados

FINANCIAL STATEMENTS

Barbados Port Inc.

Statement of Financial Position

As of December 31, 2009

(expressed in Barbados dollars)

Assets	2009	2008
	\$	\$
Current assets		
Cash and cash equivalents (note 4)	1,997,173	8,944,218
Accounts receivable (note 5)	9,276,719	7,302,224
Other receivables and prepaid expenses (note 6)	1,360,298	1,618,483
Inventories (note 7)	3,467,945	2,617,077
Due from related party (note 8)	911,038	-
	<u>17,013,173</u>	<u>20,482,002</u>
Non-current assets		
Financial investments (note 9)	16,678,121	15,801,168
Investment in associated company (note 10)	1,810,398	1,964,645
Property, plant and equipment (note 11)	183,057,371	187,933,837
Capital works in progress	1,463,425	1,742,325
	<u>203,009,315</u>	<u>207,441,975</u>
Total assets	<u>220,022,488</u>	<u>227,923,977</u>
Liabilities and equity		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	4,407,156	5,388,951
Due to associated company (note 8)	1,477,596	485,396
Current portion of long-term loans (note 13)	8,486,471	7,762,171
	<u>14,371,223</u>	<u>13,636,518</u>
Long-term liabilities		
Long-term loans (note 13)	111,962,806	118,656,001
Retirement benefit obligations (note 14)	19,494,033	18,867,706
	<u>131,456,839</u>	<u>137,523,707</u>
Total liabilities	<u>145,828,062</u>	<u>151,160,225</u>
Equity		
Share capital (note 15)	100	100
Capital contributions (note 16)	29,145,080	29,145,080
Port Fund	100,000	100,000
Fair value reserve	328,845	553,844
Retained earnings	44,620,401	46,964,728
	<u>74,194,426</u>	<u>76,763,752</u>
Total equity	<u>74,194,426</u>	<u>76,763,752</u>
Total liabilities and equity	<u>220,022,488</u>	<u>227,923,977</u>

Approved by the Board of Directors on

Director

Director

FINANCIAL STATEMENTS

Barbados Port Inc.
Statement of Changes in Equity
For the year ended December 31, 2009

(expressed in Barbados dollars)

	Share capital \$	Capital contributions \$	Port Fund \$	Fair value reserve \$	Retained earnings \$	Total \$
Balance at December 31, 2007	100	29,145,080	100,000	490,383	45,457,420	75,192,983
Comprehensive income:						
Total comprehensive income	–	–	–	63,461	1,507,308	1,570,769
Balance at December 31, 2008	100	29,145,080	100,000	553,844	46,964,728	76,763,752
Comprehensive income:						
Total comprehensive loss	–	–	–	(224,999)	(2,344,327)	(2,569,326)
Balance at December 31, 2009	100	29,145,080	100,000	328,845	44,620,401	74,194,426

FINANCIAL STATEMENTS

Barbados Port Inc.

Statement of Comprehensive Income

For the year ended December 31, 2009

(expressed in Barbados dollars)

	2009	2008
	\$	\$
Revenue		
Cargo handling	45,106,479	50,454,601
Excess storage	2,920,054	4,212,805
Marine revenue	5,328,272	4,842,760
Passenger levy	6,315,408	5,669,100
Other (note 17)	5,899,166	6,134,252
	<u>65,569,379</u>	<u>71,313,518</u>
Other operating income		
Rent	1,670,064	1,603,868
Gain on disposal of plant and equipment	11,000	–
Miscellaneous	2,410,362	998,595
	<u>4,091,426</u>	<u>2,602,463</u>
Total operating income	<u>69,660,805</u>	<u>73,915,981</u>
Expenses		
Administration	9,931,503	9,492,725
Staff costs (note 19)	39,056,123	41,642,479
Other expenses	15,572,397	17,120,615
	<u>64,560,023</u>	<u>68,255,819</u>
Operating income before the following:	<u>5,100,782</u>	<u>5,660,162</u>
Other income		
Interest income	740,049	763,788
Dividend income	13,461	34,615
	<u>753,510</u>	<u>798,403</u>
Profit from operations	<u>5,854,292</u>	<u>6,458,565</u>
Finance costs	<u>(8,741,384)</u>	<u>(8,367,092)</u>
Loss before taxation and share of net income from associated company	<u>(2,887,092)</u>	<u>(1,908,527)</u>
Share of net income from associated company (note 10)	<u>520,753</u>	<u>740,429</u>
Loss before taxation	<u>(2,366,339)</u>	<u>(1,168,098)</u>
Taxation (note 20)	<u>22,012</u>	<u>2,675,406</u>
Net (loss)/income for the year	<u>(2,344,327)</u>	<u>1,507,308</u>
Other comprehensive (loss)/income		
Unrealised (loss)/gain on available-for-sale financial investments	<u>(224,999)</u>	<u>63,461</u>
Total comprehensive (loss)/income for the year	<u>(2,569,326)</u>	<u>1,570,769</u>

FINANCIAL STATEMENTS

Barbados Port Inc.

Statement of Cash Flows

For the year ended December 31, 2009

(expressed in Barbados dollars)

	2009 \$	2008 \$
Cash flows from operating activities		
Loss before taxation	(2,366,339)	(1,168,098)
Adjustments for:		
Depreciation and amortization	8,373,850	9,170,115
Gain on disposal of property, plant and equipment	(11,000)	–
Interest and dividend income	(753,510)	(798,403)
Interest expense	8,741,384	8,367,092
Share of net income in associated company	(520,753)	(740,429)
Pension and other post-retirement benefits	4,135,249	3,939,683
Operating profit before working capital changes	17,598,881	18,769,960
(Increase)/decrease in accounts receivable	(1,974,495)	3,739,200
Decrease in other receivables and prepaid expenses	258,185	81,189
Increase in inventories	(850,868)	(20,766)
Increase in due from related party	(911,038)	–
Decrease in accounts payable and accrued liabilities	(958,049)	(13,728,846)
Increase/(decrease) in amount due to associated company	992,200	(1,658,161)
Cash generated from operations	14,154,816	7,182,576
Taxes received/(paid)	22,012	(2,953)
Interest paid	(8,765,130)	(6,684,897)
Pension and other post-retirement benefits' contributions	(3,508,922)	(12,503,887)
Net cash from/(used in) operating activities	1,902,776	(12,009,161)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,249,248)	(572,353)
Expenditure on the Port Expansion Project	–	(199,097)
Expenditure on capital work-in-progress	(1,969,236)	(2,531,127)
Proceeds from disposal of property, plant and equipment	11,000	–
Interest and dividend income received	753,510	917,711
Purchase of financial investment	–	(302,641)
Increase in financial investments	(1,101,952)	–
Proceeds on maturity of held to maturity assets	1,500,000	–
Purchase of held to maturity assets	(1,500,000)	–
Dividend received from associated company	675,000	750,000
Net cash used in investing activities	(2,880,926)	(1,937,507)
Cash flows from financing activities		
Loans received	–	49,923,162
Repayment of other long-term loans	(5,968,895)	(30,663,402)
Decrease in Marine Works Call account	–	9,863
Net cash (used in)/from financing activities	(5,968,895)	19,269,623
Net (decrease)/increase in cash and cash equivalents	(6,947,045)	5,322,955
Cash and cash equivalents - beginning of year	8,944,218	3,621,263
Cash and cash equivalents - end of year (note 4)	1,997,173	8,944,218

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

1 Establishment of the Barbados Port Inc.

The Barbados Port Authority was previously established by the Barbados Port Authority Act, Cap 285B, as amended by the Barbados Port Authority (Amendment) Act 1978-33 and 1987-37. The Act as amended was proclaimed on January 1, 1979.

Upon the commencement of the Act on January 1, 1979 all property other than land and buildings belonging to the Crown and used exclusively for the purpose of the Port Department and Port Contractors (Barbados) Limited was transferred to and vested in the Authority, and all liabilities of the Port Department and Port Contractors (Barbados) Limited existing at the commencement of the Act were assumed and assured by the Authority.

The Act was repealed on December 19, 2003 and a new Act, the Barbados Port Inc. (Transfer of Management and Vesting of Assets) Act 2003, was proclaimed.

The Act was passed:

- a) To provide for the Port of Bridgetown to be managed by the Barbados Port Inc., a Company incorporated under the Companies Act, for the purpose of enabling the Port to operate as a commercial entity.
- b) To transfer the assets and liabilities of the Government of Barbados in relation to the operation of the Port of Bridgetown to the Barbados Port Inc.
- c) To repeal the Barbados Port Authority Act.

The main provisions of the Act are disclosed below.

Commencement of Operations

The Port shall be operated by the Company from the date of the commencement of this Act.

Transfer of Assets, Liabilities, Rights, etc

For the purposes of the Act:

1. The lands of the Port shall be leased to the Company by the Crown for such period as the Crown determines.
2. All:
 - a) Assets in relation to the operation of the Port that are vested in the Authority immediately before the commencement of this Act;
 - b) Liabilities that were incurred by or on behalf of the Authority in relation to the operation of the Port and subsisting immediately before the commencement of this Act; and
 - c) Rights to set, collect and retain port dues and charges for the provision and use of port facilities and services are transferred and vested in the Company, and by virtue of this Act and without further assurance, transfer to other formality are to be held with effect from the date of the commencement of this Act, by the Company to the same extent and interest and in the same manner as they were vested in or held by the Authority.

All contracts entered into by or on behalf of the Authority in relation to the operation of the Port before the commencement of this Act, shall be deemed to have been entered into by or on behalf of the Company from the date of the commencement of this Act.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

1 Establishment of the Barbados Port Inc. ...continued

In respect of the operation of the Port:

- a) All rights, privileges, duties or obligations conferred or imposed upon the Authority; and
- b) All powers and remedies as to the taking and resisting of legal proceedings for the ascertaining, perfecting or enforcing of all rights or liabilities vested in the Authority immediately before the commencement of this Act, shall be deemed to be conferred or imposed on the Company.

The Company's principal place of business is at University Row, St. Michael, Barbados.

Financial statement presentation

Consistent with the provisions of Section 355.7 of the Companies Act Cap 308, which addressed the preservation of a Statutory Company incorporated under the Companies Act, and in accordance with the substance of the corporatisation plan of the Port, these financial statements were presented from the year to December 31, 2003 as if the Barbados Port Authority had been "continued" as Barbados Port Inc.

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 years presented, unless otherwise stated.

a) Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

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 Company's accounting policies. 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 3.

Standards, interpretations and amendments to existing standards effective in the 2009 financial year

The following amendments to IAS 1, IAS 23 and IFRS 7 are effective for the 2009 financial year.

IAS 1 (Revised), 'Presentation of financial statements'

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on retained earnings.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

a) Basis of preparation ...continued

IFRS 7 (Amendment), 'Financial instruments' - Disclosures

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings.

IAS 23 (Amendment), 'Borrowing costs'

The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition or construction of a qualifying asset (one that takes a substantial period of time to get ready for use) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

New standards, amendments and interpretations to existing standards and interpretations effective in 2009, but not considered to be relevant by management:

Reporting Standards

- IFRS 1 (Amendment), First time Adoption of International Financial Reporting Standards
- IFRS 2 (Amendment) Share based Payment
- IFRS 3 (Revised) Business Combinations
- IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations

Operations

- IFRS 8 Operating Segments
- IAS 28 (Amendment) Investment in Associates
- IAS 29 (Amendment) Financial reporting in hyper-inflationary economies
- IAS 32 (Amendment) Financial instruments - Presentation
- IAS 36 (Amendment) Impairment of Assets
- IAS 38 (Amendment) Intangible Assets
- IAS 39 (Amendment) Financial instruments: Recognition and Measurement
- IFRIC 9 Reassessment of embedded derivatives
- IFRIC 15 Agreements for the Construction of Real Estate

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

a) Basis of preparation ...continued

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

Management has reviewed the new standards, amendments and interpretations to existing standards that are not yet effective and has determined that the following are relevant to the Company's operations. The Company has not early adopted the new standards, amendments and interpretations.

- IAS 1 (Amendment) Presentation of Financial Statements (effective on or after January 1, 2010);
- IAS 7 (Amendment) Statement of Cash Flows (effective on or after January 1, 2010);
- IAS 24 (Revised) Related Party Disclosures (effective on or after January 1, 2011);
- IAS 27 (Revised) Consolidated and Separate Financial Statements (effective for periods beginning on or after July 1, 2009);
- IAS 32 (Amendment) Financial Instruments: Presentation (effective on or after February 1, 2010);
- IAS 36 (Amendment) Impairment of Assets (effective on or after January 1, 2010);
- IAS 39 (Amendment) Financial Instruments: Recognition and Measurement (effective on or after July 1, 2010); and
- IFRS 9 Financial Instruments (effective on or after January 1, 2013).

b) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average cost method. Net realised value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete, slow-moving and defective items.

c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item. Assets acquired under lease arrangements are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Land is not depreciated.

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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

c) Property, plant and equipment ...continued

Depreciation of property, plant and equipment is provided on a straight-line basis at rates, which are expected to write off the assets over their estimated useful lives. The annual rates used for this purpose are as follows:-

Leased assets

Wharves, breakwater and crossberths	-	2%
Administration building	-	2%
Transit sheds and workshops	-	4%
Other buildings	-	5%

Other assets

Watercraft	-	3% and 5%
Cargo handling equipment	-	10% and 6 $\frac{2}{3}$ %
Marine equipment and navigational aids	-	10%
Motor vehicles	-	20%
Pallets	-	33 $\frac{1}{3}$ %
Other equipment and furniture	-	10%
Port expansion asset	-	2%

The assets' useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

d) Foreign currency translation

a) Functional and presentation currency

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

b) Transactions and balances

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

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the fair value reserve in equity.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

e) Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company follows the liability method of accounting for deferred tax whereby all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes are provided for at the corporation tax rates which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised when it is probable that taxable income will be available against which the assets may be utilised.

f) Investment in associated company

The investment in the associated company is accounted for under the equity method.

Associates are entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Company's investment in associated company includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Company's share of its associates' post-acquisition profits or losses and post-acquisition movements is recognised in the statement of comprehensive income. The cumulative post-acquisition movements in reserves are adjusted against the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

g) Financial investments

The Company classifies its financial assets in the following categories:

- i) Available-for-sale*
- ii) Loans and receivable*
- iii) Held-to-maturity*

Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

g) Financial investments ...continued

i) Available-for-sale

Available for sale financial assets are intended to be held for an indefinite period of time and hence are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date. They may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. They are measured initially at fair value and are subsequently re-measured at their fair value based on quoted bid prices. Investments without quoted prices are carried at managements' valuation based on the net assets of the entity net of any provisions made where there is an indication of impairment. Unrealised gains and losses are recorded in the statement of comprehensive income. Either on the disposal of the asset or if the asset is determined to be impaired, the previously recorded gain or loss is transferred to the statement of income.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets initially measured at fair value which is the cash consideration to originate or purchase the loan plus transaction cost - and are subsequently measured at amortised cost using the effective interest method less provision for impairment. The Company's loans and receivables comprise government bonds and fixed deposits. Maturities in excess of 12 months after the date of the statement of financial position are classified as non-current assets.

iii) Held-to-maturity

Held to maturity financial assets are non-derivative financial instruments with fixed or determinable payments and fixed maturities that management has both the intent and ability to hold to maturity. They are initially recognised at fair value including translation costs and subsequently measured at amortised cost, using the effective interest method less provision for impairment if any.

Purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the asset. Cost of purchase includes transaction costs.

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Interest income arising on financial investments is accrued using the effective yield method and is included in the statement of comprehensive income. Dividends are recorded in comprehensive income when the right to receive payment is established.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

g) Financial investments ...continued

Financial assets

A financial asset is considered impaired if its carrying amount exceeds its estimated recoverable amount. The impairment loss for assets carried at amortised cost is calculated as the difference between the carrying amount and the present value of expected future cash flows discounted at the original effective interest rate. The impairment loss for an available for sale equity security is recognised in income if there has been a significant or prolonged decline in its recoverable amount below cost. Significant or prolonged declines are assessed in relation to the period of time and extent to which the fair value of the equity security is less than its cost.

Except for equity securities, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, and the amount of the reversal is recognised in income. For equity securities, any subsequent increases in fair value after an impairment has occurred are recognised in other comprehensive income.

Financial liabilities

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the date of the statement of financial position, the following items were classified as financial liabilities: accounts payables, due to associated company and long-term loans.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

h) Employee benefits

i) Pension obligations

The Company operates a defined benefit pension plan for its employees, the assets of which are held in a separate fund administered by a Trustee. The scheme is generally funded through payments from the employees and the Company, and determined by full independent actuarial calculations every three years and interim valuations in years where a full valuation has not been performed.

Defined benefit plans define 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 liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the date of the statement of financial position less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated 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 long-term government securities. All actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to the statement of comprehensive income over ten years being less than the employees' expected average remaining working lives.

Past-service costs are recognised immediately in the statement of comprehensive income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

ii) Other post-retirement benefit obligations

The Company also provides post-retirement medical benefits to their retirees. Fifty percent (50%) to sixty (60%) of the premium is funded by the Company, dependent on the category of employee. The entitlement to these benefits is 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 the same accounting methodology as used for the Company's defined benefit pension plan.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

i) Revenue recognition

i) Cargo Handling

Revenue generated from inbound cargo handling is recognised on the delivery of cargo to the consignees or on delivery of auctioned cargo to the buyer.

Revenue generated from outbound cargo and other revenue is recognised on the basis of the usage of the facilities and services provided by the Company.

ii) Excess Storage

Revenue generated from excess storage is recognised on the basis of the usage of the storage facilities, which ordinarily exceeds the free storage period at the Port.

iii) Marine Revenue

Marine revenue is generated on vessels making a Port call in Barbados on the basis of the length or net registered tonnage of the vessel and is recognised as earned.

iv) Passenger Levy

Passenger levy is applied to the greater of embarking and disembarking passengers per cruise vessel at the Bridgetown Port and is recognised as earned.

v) Interest income

Interest income is recognized in the statement of comprehensive income on the accrual basis, using the effective interest method.

vi) Dividend income

Dividend income is recognised when the Company's right to receive payment is established.

vii) Rental income

Rental income is recognised on an accrual basis.

j) Impairment of non-financial assets

Assets that have an indefinite useful life 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.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments (more than three months overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the anticipated realisable value. The carrying amount of the asset is reduced through the use of the provision for impairment of receivables and the amount of loss is recognised in the statement of comprehensive income within administration expenses. When a trade receivable is uncollectible, it is written off against the provision for impairment of receivables and any subsequent recoveries of amounts previously written off are credited against administration expenses.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term deposits with original maturities of three months or less.

m) Trade payables

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

n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the net proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Associated costs are classified as finance costs in the statement of comprehensive income. Borrowings due within twelve months of the balance sheet are classified as current liabilities.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

2 Significant accounting policies ...continued

o) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Assets leased out under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar property, plant and equipment. Rental income is recognised on a straight-line basis over the lease term.

p) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, if 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.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

3 Critical accounting estimates and judgements

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on reported assets, liabilities, revenues and expenses. The item which may have a significant effect on the Company's financial statements are set out below:

Pension benefits

The cost of the defined benefit pension plan and other post employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets of the plan, future pension increases, future salary increases, proportion of employees opting for early retirement, future changes in the NIS ceiling and inflation. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Assumptions used are disclosed in Note 14.

Income taxes

The Company is subject to income taxes in Barbados. Significant judgement is required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

4 Cash and cash equivalents

	2009 \$	2008 \$
Cash at bank	<u>1,997,173</u>	<u>8,944,218</u>

Significant concentrations of cash and cash equivalents are as follows:

	2009 \$	2008 \$
Barbados National Bank Inc. (unrated)	<u>1,618,860</u>	<u>7,251,325</u>

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

5 Accounts receivable

	2009 \$	2008 \$
Trade receivables	10,198,914	7,756,523
Less: Provision for impairment of receivables	(922,195)	(454,299)
	<u>9,276,719</u>	<u>7,302,224</u>

As at year end, trade receivables of \$4,840,833 (2008 - \$4,755,246) were fully performing.

Trade receivables that are less than three months past due are not considered impaired. As at year end trade receivables of \$4,835,886 (2008 - \$2,546,978) were past due but not considered impaired. The ageing analysis of these receivables is as follows:

	2009 \$	2008 \$
Over 30 days	2,418,554	1,514,960
Over 60 days	553,930	393,601
Over 90 days	1,863,402	638,417
	<u>4,835,886</u>	<u>2,546,978</u>

As at year end, trade receivables of \$922,195 (2008 - \$454,299) were past due, impaired and provided for.

	2009 \$	2008 \$
Over 90 days	922,195	454,299
Total accounts receivable	<u>10,198,914</u>	<u>7,756,523</u>

The movement in the provision for impairment of receivables is as follows:

	2009 \$	2008 \$
Balance - beginning of year	454,299	454,299
Write back of provision	(378,894)	-
Increase in provision	846,790	-
Balance - end of year	<u>922,195</u>	<u>454,299</u>

The carrying value of accounts receivable is considered to approximate fair value because of their short term maturity.

The Company does not hold any collateral on its accounts receivable.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

6 Other receivables and prepaid expenses

	2009	2008
	\$	\$
Staff receivables	465,182	508,357
Other	403,641	92,051
VAT recoverable	229,147	210,136
Prepaid expenses	262,328	807,939
	<u>1,360,298</u>	<u>1,618,483</u>

No provision for impairment on these receivables was required in 2009 or 2008.

7 Inventories

	2009	2008
	\$	\$
Fuel	393,080	395,182
General supplies	-	82,916
Equipment spares	2,980,659	1,988,462
Stationery	94,206	111,550
Loose tools	-	38,967
	<u>3,467,945</u>	<u>2,617,077</u>

No provision for inventory obsolescence was required in 2009 or 2008.

8 Due from related party and due to associated company

	2009	2008
	\$	\$
Due from related party:		
Barbados Port Inc. - Defined Benefit Pension Plan	<u>911,038</u>	-

This amount is interest-free, unsecured and without written terms of repayment.

	2009	2008
	\$	\$
Due to associated company:		
Bridgetown Cruise Terminals, Inc.	<u>1,477,596</u>	485,396

This amount is interest-free, unsecured and currently without written terms of repayment. It is anticipated that repayment terms will be negotiated during 2010.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

9 Financial investments

	2009 \$	2008 \$
Available-for-sale:		
Insurance Corporation of Barbados (Equities) - at market value		
At January 1, 2009	803,843	740,382
Fair value (loss)/gain included in other comprehensive income	(224,999)	63,461
	<hr/>	<hr/>
At December 31, 2009	578,844	803,843
Loans and receivables:		
Term deposits at Barbados National Bank	20,364	-
US\$ Term Deposit at RBTT	2,383,240	2,339,629
Debt Service Reserve Account at Butterfield Bank	3,164,843	3,141,553
US\$ Bond holders Account at Butterfield Bank	3,016,143	2,016,143
	<hr/>	<hr/>
	8,584,590	7,497,325
Held-to-maturity:		
4.75% BTA Development Bonds, redeemable at December 31, 2008	-	1,500,000
5.875% Government of Barbados Treasury Note (January 1, 2009 - October 31, 2014)	1,514,687	-
7.25% Government of Barbados Treasury Note (March 1, 2007 - December 31, 2014)	6,000,000	6,000,000
	<hr/>	<hr/>
	7,514,687	7,500,000
	<hr/>	<hr/>
	16,678,121	15,801,168

Government of Barbados Treasury Note 5.875% (2008 - 4.75% BTA Development Bonds) and the US\$ term deposit at RBTT are being held by RBTT Bank as security for a loan to assist in financing the Dredging Project. The term deposits at Barbados National Bank, the debt service reserve account and the US\$ Bond holders account are held as security in connection with loans obtained to refinance existing debt and finance capital works projects. (Note 13).

The maturity dates of the Company's loans and receivables are tied to the long-term loans against which they are secured.

No provision for impairment of financial investments was required in 2009 and 2008.

The fair value of loans and receivables and held-to-maturity financial investments at year end was \$8,599,277 and \$8,245,200 respectively.



FINANCIAL STATEMENTS

Barbados Port Inc.

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December 31, 2009

(expressed in Barbados dollars)

10 Investment in associated company

	2009 \$	2008 \$
Bridgetown Cruise Terminals, Inc.		
750,000 Class 'A' common shares (30% interest) - at cost	750,000	750,000
Increase in equity value over cost to end of previous year	1,214,645	1,224,216
	1,964,645	1,974,216
Share of net income for the year	520,753	740,429
Dividends received	(675,000)	(750,000)
Balance end of year	1,810,398	1,964,645

The share of the associated company's net income is based on the audited financial statements as of June 30, 2009 and 2008 adjusted for the associated company's final dividends in respect of the respective financial years which were received prior to the year end.

The results of the associated company as of June 30, 2009 and 2008 are as follows:

	Assets \$	Liabilities \$	Revenues \$	Net Income \$
2009	8,512,566	1,433,294	5,844,760	1,735,842
2008	10,703,469	1,600,018	6,116,303	2,265,715

(expressed in Barbados dollars)

11 Property, plant and equipment

	Land \$	Buildings, sheds, workshop and incinerator \$	Wharfs and breakwater \$	Watercraft, tugs, etc. \$	Cargo handling equipment, vehicles, other equipment and aids \$	Port expansion asset \$	Total \$
At January 1, 2008							
Cost	31,349,692	22,774,640	22,530,702	29,598,158	87,693,153	–	193,946,345
Accumulated depreciation	–	(16,520,693)	(11,441,335)	(8,223,857)	(62,205,897)	–	(98,391,782)
Net book amount	31,349,692	6,253,947	11,089,367	21,374,301	25,487,256	–	95,554,563
Year ended December 31, 2008							
Opening net book amount	31,349,692	6,253,947	11,089,367	21,374,301	25,487,256	–	95,554,563
Transferred from capital work in progress	–	2,316,524	–	–	314,464	–	2,630,988
Additions	–	6,992	–	–	565,361	–	572,353
Transferred from Port Expansion Project	20,253,117	–	–	–	–	78,092,931	98,346,048
Depreciation for year	–	(719,207)	(450,614)	(945,571)	(5,492,864)	(1,561,859)	(9,170,115)
Closing net book amount	51,602,809	7,858,256	10,638,753	20,428,730	20,874,217	76,531,072	187,933,837

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

11 Property, plant and equipment ...continued

	Land \$	Buildings, sheds, workshop and incinerator \$	Wharfs and breakwater \$	Watercraft, tugs, etc. \$	Cargo handling equipment, vehicles, other equipment and navigational aids \$	Port expansion asset \$	Total \$
Cost	51,602,809	25,098,156	22,530,702	29,598,158	88,572,978	78,092,931	295,495,734
Accumulated depreciation	—	(17,239,900)	(11,891,949)	(9,169,428)	(67,698,761)	(1,561,859)	(107,561,897)
Net book amount	51,602,809	7,858,256	10,638,753	20,428,730	20,874,217	76,531,072	187,933,837
Year ended December 31, 2009							
Opening net book amount	51,602,809	7,858,256	10,638,753	20,428,730	20,874,217	76,531,072	187,933,837
Transferred from capital work in progress	638,296	264,056	642,458	11,782	691,544	—	2,248,136
Additions	—	—	330,009	12,342	906,897	—	1,249,248
Disposals	—	—	—	—	(112,908)	—	(112,908)
Accumulated depreciation written back on disposal	—	—	—	—	112,908	—	112,908
Depreciation for year	—	(688,701)	(477,962)	(991,448)	(4,653,880)	(1,561,859)	(8,373,850)
Closing net book amount	52,241,105	7,433,611	11,133,258	19,461,406	17,818,778	74,969,213	183,057,371
Cost	52,241,105	25,362,212	23,503,169	29,622,282	90,058,511	78,092,931	298,880,210
Accumulated depreciation	—	(17,928,601)	(12,369,911)	(10,160,876)	(72,239,733)	(3,123,718)	(115,822,839)
Net book amount	52,241,105	7,433,611	11,133,258	19,461,406	17,818,778	74,969,213	183,057,371

Certain items included in watercraft and tugs have been provided as collateral in respect of borrowings as disclosed in note 13.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

12 Accounts payable and accrued liabilities

	2009 \$	2008 \$
Accounts payable	1,274,792	1,253,881
Accrued liabilities	2,608,601	3,532,698
Interest payable	51,871	75,617
VAT payable	471,892	526,755
	<u>4,407,156</u>	<u>5,388,951</u>

13 Long-term loans

	2009 \$	2008 \$
i) Damen Shipyard Inc. (US\$)	1,326,754	2,637,753
ii) RBTT - Dredging Project	2,500,000	3,500,000
iii) RBTT - Port Rehabilitation Project	25,387,304	28,374,045
iv) a) Butterfield Bank - Series 1	9,527,400	11,259,655
b) Butterfield Bank - Series 2	15,210,290	15,451,723
v) a) Butterfield Bank (US\$7.5M)	10,414,656	9,588,799
b) Butterfield Bank (\$5M)	6,082,873	5,606,197
vi) Barbados National Bank	50,000,000	50,000,000
	<u>120,449,277</u>	<u>126,418,172</u>
Less: current portion	(8,486,471)	(7,762,171)
	<u>111,962,806</u>	<u>118,656,001</u>

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

13 Long-term loans ...continued

- i) The loan from Damen Shipyard Inc. is being repaid in 17 half-yearly instalments, which commenced on December 14, 2002. This facility bears interest fixed at 8% per annum. The loan balance of \$1,326,754 represents the outstanding amount owed to Damen Shipyard Inc. for the purchase of a Damen Stan Tug 3110. The loan is unsecured and is the legal form of supplier's credit.
- ii) The loan from RBTT Bank commenced on April 16, 2002 and bears interest fixed at 7.5% per annum. The original loan of \$10,000,000 is repayable by 20 half-yearly instalments, which commenced on October 15, 2002. The loan balance of \$ 2,500,000 represents the outstanding amount owed to the Bank for the completion of dredging works. The loan is secured with the assignment over existing property to the value of \$2,000,000, Government of Barbados Treasury Note of \$1,500,000 (this Treasury Note replaced Barbados Tourism Authority Development Bond of \$1,500,000 which matured at December 31, 2008) and an interest bearing US account balance of \$2,383,240 (2008 - \$2,339,629) held at RBTT Bank.
- iii) This loan was obtained from RBTT Bank in order to assist in the funding of the Port Rehabilitation Project. It commenced on July 1, 2003 and bears interest fixed at the rate of 6.75%. The loan of \$34,000,000 is repayable by 26 semi-annual instalments of principal and interest from the period December 31, 2005 to July 1, 2018. Interest expense of \$4,827,641 has been capitalized during the moratorium period of July 2003 to June 2005. Repayment of the loan commenced on December 31, 2005 and the outstanding amount owed to the Bank is \$25,387,304. The loan is secured by a Government of Barbados guarantee.
- iv) The loan from Butterfield Bank commenced on July 22, 2007. The loan of \$25,000,000 is in 2 series as follows:
 - a) Series 1 - \$12,500,000 bears interest fixed at 5.375%. This series is repayable by 16 semi-annual installments of \$866,127 plus interest payable on June 30 and December 31 beginning December 31, 2007 and ending June 30, 2015. Interest capitalized during the moratorium period amounted to \$1,358,037. Repayment of this series commenced on December 31, 2007 and the outstanding amount owing to the Bank is \$9,527,400.
 - b) Series 2 - \$12,500,000 bears interest fixed at 6.25%. This series is repayable by 22 semi-annual installments of \$724,300 plus interest payable on June 30 and December 31 beginning December 31, 2009 and ending June 30, 2020. Interest capitalized during the moratorium period amounted to \$3,434,590 as at June 30, 2009.

These loans are secured against the Debt Service reserve account as disclosed in note 9 and certain items of property, plant and equipment as disclosed in note 11.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

13 Long-term loans ...continued

- v) This loan from Butterfield Bank obtained to finance the Port's capital works programme is a combination facility of US\$7.5million. and Bds\$5.0million. as follows:
- a) US\$ Facility - This facility bears interest fixed at 8.25% for the first 7 years, thereafter floating at US prime rate with a floor of 7.75% and a ceiling of 9.0%. This facility is repayable by variable semi-annual payments of principal and interest. Interest is capitalized during the moratorium period of 7 years. The Bank disbursed US\$4,215,000 and capitalized interest at December 31, 2009 is US\$992,328.
 - b) Bds\$ Facility - This facility bears interest fixed at 8.25% for the first 7 years, thereafter floating at 1.5% discount to Butterfield Bank corporate prime rate with a floor of 7.75% and a ceiling of 9.0%. This facility is repayable by variable semi-annual payments of principal and interest. Interest is capitalized during the moratorium period of 7 years. This amount was fully disbursed and capitalized interest at December 31, 2009 is Bds\$1,082,873.

This loan is secured against the US\$ Bond Holders Account as disclosed in note 9 and certain items of property, plant and equipment as disclosed in note 11.

- vi) This loan from the Barbados National Bank was obtained on October 31, 2008 to refinance a portion of existing debt, including pension liabilities and to fund ongoing capital works. The loan of \$50,000,000 is for a term of 10 years and bears interest at the rate of 7.0% fixed. Interest is to be paid quarterly during the term of the facility, with a moratorium on principal repayments during the first three years. Commencing December 31, 2011 and ending September 30, 2018, the loan is to be repaid by 28 blended quarterly payments of \$2,274,076. The loan is secured by a Government of Barbados guarantee.

The fair value of the Company's fixed rate borrowings was \$111,013,158 at the end of the year. The maturity of loan balances has been disclosed in note 22 a(iii).

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

14 Retirement benefit obligations

The Company maintained a non-contributory defined benefit plan with the Insurance Corporation of Barbados Limited until November 30, 2005. Employees were eligible to join that plan on January 1 following one year's continuous service. The Company withdrew from this Statutory Corporation Pension Fund (SCPF) in order to establish a new plan in keeping with the requirements of the Barbados Port Inc. (Transfer of Management and Vesting of Assets) Act 2003. The Port is now in the process of creating a new Defined Benefit (DB) Plan for its employees in the SCPF, and a Defined Contribution (DC) Plan for new employees.

The Company also offers post-retirement medical benefits to its employees, pensioners and their dependents. These medical benefits are offered under a scheme which is insured with an insurance provider.

	2009 \$	2008 \$
Pension plan	15,400,950	15,230,719
Post-retirement medical benefits	4,093,083	3,636,987
	<u>19,494,033</u>	<u>18,867,706</u>

Pension plan

The amounts recognised in the Statement of financial position for the pension plan liability are as follows:

	2009 \$	2008 \$
Present value of funded obligations	58,730,608	55,650,208
Fair value of plan assets	<u>(38,536,887)</u>	<u>(36,370,078)</u>
	20,193,721	19,280,130
Unrecognised actuarial losses	<u>(4,792,771)</u>	<u>(4,049,411)</u>
Pension plan liability	<u>15,400,950</u>	<u>15,230,719</u>

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

14 Retirement benefit obligations ...continued

Pension plan ...continued

Changes in the present value of the funded obligations are:

	2009 \$	2008 \$
Present value of funded obligations - beginning of year	55,650,208	49,111,686
Interest cost	3,989,818	3,766,383
Current service cost	1,901,710	1,663,894
Past service cost - vested benefits	108,725	-
Benefits paid	(3,246,898)	(2,690,281)
Actuarial loss on obligations	327,045	3,798,526
	<hr/>	<hr/>
Present value of funded obligations - end of year	58,730,608	55,650,208

Changes in the fair value of plan assets are as follows:

	2009 \$	2008 \$
Plan assets - beginning of year	36,370,078	25,057,905
Expected return on plan assets	2,370,951	1,946,439
Contributions - total	3,459,071	12,464,891
Benefits paid	(3,246,898)	(2,690,281)
Actuarial loss on plan assets	(416,315)	(408,876)
	<hr/>	<hr/>
Plan assets - end of year	38,536,887	36,370,078

Movements in the net liability recognised in the statement of financial position:

	2009 \$	2008 \$
Net liability - beginning of year	15,230,719	24,211,772
Contributions paid	(3,459,071)	(12,464,891)
Expense recognised in the statement of comprehensive income	3,629,302	3,483,838
	<hr/>	<hr/>
Net liability - end of year	15,400,950	15,230,719

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

14 Retirement benefit obligations ...continued

Pension plan ...continued

Expense recognised in the statement of comprehensive income:

	2009 \$	2008 \$
Current service cost	1,901,710	1,663,894
Interest cost	3,989,818	3,766,383
Expected return on plan assets	(2,370,951)	(1,946,439)
Past service cost	108,725	-
	3,629,302	3,483,838
Actual return on plan assets	1,954,636	1,537,563

	2009 %
Plan assets are comprised as follows:	
Bonds	66.04
Equities	10.99
Deposits	17.62
Other assets	5.35
Net assets	100.00

Principal actuarial assumptions used for accounting purposes were:

	2009 %	2008 %
Discount rate	7.00	7.25
Expected return on plan	6.50	6.50
Future promotional salary increases	2.00	2.00
Future inflationary salary increases	3.00	3.00
Proportion of employees opting for early retirement	10.00	10.00
Future changes in NIS ceiling	3.50	3.50
Mortality	GAM94	GAM94

Expected contributions for the year ending December 31, 2010 are \$400,000.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

14 Retirement benefit obligations ...continued

Post-retirement medical benefits

The amounts recognised in the statement of financial position for the post retirement medical benefits are as follows:

	2009 \$	2008 \$
Present value of funded obligations	4,869,333	4,011,381
Unrecognised actuarial losses	(776,250)	(374,394)
	<hr/>	<hr/>
Post-retirement medical benefits' liability	4,093,083	3,636,987

The Company fully funds the post-retirement medical benefits as there are no plan assets.

Changes in the present value of the funded obligations are:

	2009 \$	2008 \$
Present value of funded obligations - beginning of year	4,011,381	3,339,621
Interest cost	296,607	264,716
Current service cost	207,319	188,534
Past service cost - vested benefits	2,021	2,595
Benefits paid	(49,851)	(38,997)
Actuarial gain on obligations	401,856	254,912
	<hr/>	<hr/>
Present value of funded obligations - end of year	4,869,333	4,011,381

Movements in the net liability recognised in the statement of financial position:

	2009 \$	2008 \$
Net liability - beginning of year	3,636,987	3,220,139
Contributions paid	(49,851)	(38,997)
Expense recognised in the statement of comprehensive income	505,947	455,845
	<hr/>	<hr/>
Net liability - end of year	4,093,083	3,636,987

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

14 Retirement benefit obligations ...continued

Post-retirement medical benefits ...continued

Expense recognised in the statement of comprehensive income

	2009 \$	2008 \$
Current service cost	207,319	188,534
Interest cost	296,607	264,716
Past service cost - vested benefits	2,021	2,595
	<hr/> 505,947	<hr/> 455,845
Actual return on plan assets	<hr/> -	<hr/> -

Principal actuarial assumptions used for accounting purposes were:

	2009 %	2008 %
Discount rate	7.00	7.25
Medical cost inflation	5.00	5.00
Proportion of employees opting for early retirement	10.00	10.00

The amounts recognized in the statement of financial position and income statement for pension and other post-retirement benefits are determined actuarially using several assumptions. The primary assumptions used in determining the amounts recognized include expected long-term return on plan assets, the discount rate used to determine the present value of estimated future cash flows required to settle the pension and other post-retirement obligations and the expected rate of change in the National Insurance Scheme ceiling.

The expected return on plan assets assumed considered the long-term historical returns, asset allocation and future estimates of long-term investment returns. The discount rate is determined based on the estimate of yield on long-term Government Bonds that have maturity dates approximating the terms of the Company's obligation. The estimate of expected rate of change in the National Insurance Scheme ceiling is determined based on inflationary factors. Any changes in these assumptions will impact the amounts recorded in the financial statements for these obligations.

It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

FINANCIAL STATEMENTS

Barbados Port Inc.
Notes to Financial Statements
December 31, 2009

(expressed in Barbados dollars)

14 Retirement benefit obligations ...continued

Historical information:

	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$
Present value of the funded obligations	63,599,941	59,661,589	52,451,307	48,095,769	46,416,287
Fair value of plan assets	(38,536,887)	(36,370,078)	(25,057,905)	(23,111,908)	(22,047,535)
	25,063,054	23,291,511	27,393,402	24,983,861	24,368,752
Unrecognised actuarial gain/(losses)	(5,569,021)	(4,423,805)	38,508	718,515	(2,762,308)
	19,494,033	18,867,706	27,431,910	25,702,376	21,606,444

15 Share capital

Authorised

The Company is authorised to issue an unlimited number of common shares without nominal or par value.

Issued

	2009	2008
	\$	\$
100 (2008 - 100) common shares, stated value	100	100

FINANCIAL STATEMENTS

Barbados Port Inc. Notes to Financial Statements December 31, 2009

(expressed in Barbados dollars)

16 Capital contributions

Capital contributions made by the sole shareholder, the Government of Barbados, comprise the following:

	2009 \$	2008 \$
Value of leased assets of \$42,310,845 less long-term loan obligations of \$28,229,630 at January 1, 1979, under the lease agreement with the Crown.	14,081,215	14,081,215
Value of the other assets less other liabilities of the former Port Department and Port Contractors (Barbados) Limited at January 1, 1979, transferred to, or assumed by Barbados Port Inc, less the amount of \$100,000 allocated to the Port Fund as established under Section 7(I) of the Barbados Port Authority Act, Cap. 285B.	<u>15,063,865</u>	15,063,865
	<u>29,145,080</u>	29,145,080

Leased assets and long-term obligations under lease agreement with the Crown

- a) The freehold land and buildings and the static facilities at the Port of Bridgetown belonging to the Crown (other than the land and buildings and related wharf facilities of the bulk handling facility) which were valued at \$42,310,845 at January 1, 1979 are being leased for a period of 50 years from January 1, 1979 at a yearly rent of \$100.
- b) Under the terms of the lease agreement, the Port will have the option to renew the lease for a further term of 50 years from the expiration of the original lease period and will be responsible for the maintenance and insurance of the leased assets and for the payment of and property taxes thereon, and will receive the income from the subletting of any part or parts of the properties.
- c) Under the terms of the lease agreement, the Port also undertook to reimburse the Crown for the debt servicing assumed by the Crown in connection with Loan Contract dated February 21, 1975 and made between the Government of Barbados and Inter-American Development Bank for a loan of US\$9,100,000 or the equivalent thereof in other currencies, to partially finance the Project for the Expansion and Improvement of the Port of Bridgetown; and to assume the liability to the Crown for long term loans made by the Crown for the construction of the Deep Water Harbour which amounted to \$3,320,236 and \$6,709,394 at January 1, 1979. This loan was fully repaid in 1994.
- d) Since the terms of the lease transactions are significantly affected by the relationship between the Port and the Crown, the economic substance rather than the legal form of the lease has been recognised by Barbados Port Inc. in its accounting treatment of the capital lease, and the actual cost of, or values assigned to the leased assets and the actual related long-term obligations under the lease have been reflected in its financial statements with the excess of the cost of or values assigned to leased assets over the loan obligations being shown as a capital contribution by the Government of Barbados.

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

17 Revenue - other

	2009 \$	2008 \$
Bulk handling terminal	829,441	891,634
Sugar levy	287,945	303,299
Auction sales	64,271	49,499
Garbage disposal	573,842	388,720
Security services	3,986,854	4,315,714
Taxi and tour buses registration	130,016	115,700
Port-A-Call	9,642	55,456
Photo identification	17,155	14,230
	5,899,166	6,134,252

18 Expenses by nature

	2009 \$	2008 \$
Staff costs (note 19)	39,056,123	41,642,479
Repairs and maintenance	7,198,546	7,957,476
Utilities	3,154,453	2,939,699
Advertising	274,437	345,917
Depreciation	8,373,850	9,170,115
Insurance	2,115,141	2,291,590
Other	4,387,473	3,908,543
	64,560,023	68,255,819

19 Staff costs

	2009 \$	2008 \$
Payroll costs and benefits	34,825,758	37,702,796
Pension expenses		
- defined benefit	3,629,302	3,483,838
- defined contribution	95,116	-
Post-retirement medical benefits	505,947	455,845
	39,056,123	41,642,479

FINANCIAL STATEMENTS

Barbados Port Inc.

Notes to Financial Statements

December 31, 2009

(expressed in Barbados dollars)

20 Taxation

	2009 \$	2008 \$
Deferred tax credit	-	(2,678,359)
Current tax	<u>(22,012)</u>	<u>2,953</u>
	<u>(22,012)</u>	<u>(2,675,406)</u>

The tax on the Company's loss before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:

	2009 \$	2008 \$
Loss before taxation	<u>(2,366,339)</u>	<u>(1,168,098)</u>
Taxation calculated at 25% (2008 - 25%)	(591,585)	(292,025)
Expenses not deductible for tax purposes	577,097	148,878
Income not subject to tax	(3,365)	(196,153)
Market development and other allowances	(228,821)	(22,210)
Increase in deferred tax asset not recognized	20,105,380	3,512,828
Prior year over provision of deferred taxes	(19,728,517)	(5,641,617)
Associated company's results reported net of tax	(130,189)	(185,107)
Refund of withholding tax on interest income	<u>(22,012)</u>	<u>-</u>
	<u>(22,012)</u>	<u>(2,675,406)</u>

There is a potential deferred tax asset which has not been recognised in the financial statements since it is uncertain that taxable profits will be available against which the deferred tax asset can be utilised.

The potential deferred tax asset consists of the following components:

	2009 \$	2008 \$
Delayed/(accelerated) tax depreciation	28,563,615	(101,594,528)
Interest receivable	(54,556)	(54,556)
Retirement benefit obligations	19,494,033	18,867,706
Unutilised tax losses (note 21)	<u>46,469,740</u>	<u>96,832,692</u>
	<u>94,472,832</u>	<u>14,051,314</u>
Deferred tax asset at corporation tax rate of 25% (2008 - 25%)	<u>23,618,208</u>	<u>3,512,828</u>

The expiry dates of tax losses are disclosed in Note 21. The other temporary differences have no expiry dates.

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21 Tax losses

The Company has tax losses which are available for offset in the future against otherwise taxable income as follows:

Year of income	Losses b/fwd \$	Adjustments \$	Utilised \$	Losses c/fwd \$	Expiry date
2002	12,552,685	(8,096,548)	(4,456,137)	—	
2004	4,304,850	(4,304,850)	—	—	
2005	20,041,149	(7,719,736)	(912,237)	11,409,176	2014
2006	24,797,888	(7,118,089)	—	17,679,799	2015
2007	25,963,144	(10,437,671)	—	15,525,473	2016
2008	9,172,976	(7,317,684)	—	1,855,292	2017
	<u>96,832,692</u>	<u>(44,994,578)</u>	<u>(5,368,374)</u>	<u>46,469,740</u>	

Management is in the process of submitting amended tax returns in order to remove the claim for capital allowances for income years 2003 to 2008. This amendment will result in a reduction in tax losses of \$44,994,578.

These losses have been included in the Company's corporation tax returns and have as yet neither been confirmed nor disputed by the Commissioner of Inland Revenue.

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22 Financial risk management

a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and structured environment in which all employees understand their roles and obligations.

i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

1) *Currency risk*

The Company's exposure to currency risk arises from purchases that are denominated in a currency other than the functional currency of the Company mainly the US Dollar and from the US\$ denominated term deposit and long-term loan which it holds. This risk is however considered to be insignificant as the US Dollar is fixed with the Barbados dollar.

2) *Interest rate risk*

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to cash flow interest rate risk in respect of its term deposits and long term loans.

Management reviews the rates on a regular basis along with the cost of putting alternative financing in place to determine the most cost effective source of borrowings. Management has entered into long term loans which bears interest at fixed rates and hence limits the Company's exposure to fair value interest risk.

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22 Financial risk management ...continued

a) Financial risk factors ...continued

i) Market risk ...continued

2) Interest rate risk ...continued

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was as follows:

Fixed rate instruments

	2009	2008
	\$	\$
Financial assets	16,678,121	15,801,168
Financial liabilities	120,449,277	126,418,172

Management considers a reasonably possible change to interest rates to be 1%. The table below shows the impact of this change on the statement of comprehensive income.

	2009	2008
	\$	\$
+/- 1%	1,204,493	1,264,182

3) Price risk

The Company is exposed to price risk arising from changes in the equity price of its holding in the Insurance Corporation of Barbados. If the Barbados Stock Exchange had increased or decreased by 10% with all other variables held constant, the fair value reserve within equity would increase or decrease by \$57,884 (2008 - \$80,384).

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22 Financial risk management ...continued

a) Financial risk factors ...continued

ii) Credit risk

Credit risk is the risk of that a counterparty will be unable to pay amounts in full when due. The Company's credit risk arises principally from the Company's receivables from customers, loans and receivables and held-to-maturity investments.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2009		2008	
	\$	%	\$	%
Cash and cash equivalents	1,997,173	6.69	8,944,218	27.90
Accounts receivable	9,276,719	31.49	7,302,224	22.78
Other receivables	1,173,275	3.93	810,544	2.53
Due from related party	911,038	3.05	—	—
Loans and receivables	8,584,590	28.75	7,497,325	23.39
Held-to-maturity investments	7,514,687	25.17	7,500,000	23.40
	29,457,482	100.00	32,054,311	100.00

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's revenue is attributable to customers' credit sales and the demographics of the customers' geographical location, including default risk of the industry and the country in which customers operate, credit is granted to authorised shipping agents only who are registered in a prescribed manner, and who are mandated to provide a bond through a financial institution as security to the Company. Additionally, shipping agents are normally required to pre-pay a deposit of ninety of (90) percent of the anticipated revenue per ship visit. This has the effect of significantly reducing credit risk.

Management has instituted standard repayment periods for credit sales and monitors each receivable balance on a weekly basis with regard to credit sales granted and payments received.

(expressed in Barbados dollars)

22 Financial risk management ...continued

a) Financial risk factors ...continued

iii) Liquidity risk ...continued

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet reasonable expectations of short-term obligations.

The table below analyses the Company's financial assets into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount	Contractual cash flows	0 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
2009						
Long-term loans	120,449,277	170,415,993	15,377,025	33,053,959	94,591,798	27,393,211
Accounts payables	1,798,555	1,798,555	1,798,555	-	-	-
Due to associated company	1,477,596	1,477,596	1,477,596	-	-	-
	123,725,428	173,692,144	18,653,176	33,053,959	94,591,798	27,393,211
2008						
Long-term loans	126,418,172	185,115,353	14,699,359	30,293,766	94,337,767	45,784,460
Accounts payables	1,856,253	1,856,253	1,856,253	-	-	-
Due to associated company	485,396	485,396	485,396	-	-	-
	128,759,821	187,457,002	17,041,008	30,293,766	94,337,767	45,784,460

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22 Financial risk management ...continued

a) Financial risk factors ...continued

iv) Fair value of financial instruments

Financial instruments carried at fair value in the financial statements are measured in accordance with a fair value hierarchy. This hierarchy is as follows:

- Level 1 - unadjusted quoted prices in active markets for identical instruments.
- Level 2 - inputs other than quoted prices in Level 1 that are observable for the instrument, either directly or indirectly.
- Level 3 - inputs for the instrument that are not based on observable market data.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange or other independent source, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The Company considers that market transactions should occur with sufficient frequency that is appropriate for the particular market, when measured over a continuous period preceding the date of the financial statements. If there is no data available to substantiate the frequency of market transactions of a financial instrument, then the Fund does not consider the instrument to be traded in an active market.

The Company's equity securities in the Insurance Corporation of Barbados have been designated a level 1 financial asset.

b) Fair value of financial assets and liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The fair value of available-for-sale financial instruments which are traded is based on quoted bid market prices at the balance sheet date.

The Company's financial assets and liabilities as disclosed in the balance sheet are considered by management to approximate their fair value except for loans and receivable and held-to-maturity financial investments and long term loans, the fair value of which is disclosed in notes 9 and 13.

c) Capital risk management

The Company manages shareholder's equity and long term loans as capital. The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

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

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Barbados Port Inc. Notes to Financial Statements December 31, 2009

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23 Contingent liabilities

As of December 31, 2009, there exist a number of legal claims against the Company, the outcome of which could not be determined with reasonable certainty. No provision for any liability that may result has been made in these financial statements. Settlement, if any, concerning these claims, will be recorded in the period in which they are realized.

24 Related party transactions

1) The following transactions were carried out with the associated company during the year:

	2009 \$	2008 \$
i) Portion of passenger head tax paid	2,534,892	4,484,736
ii) Security service charge	110,016	120,448

2) Key management

	2009 \$	2008 \$
Directors fees	85,800	84,000
Salaries and other employee benefits	1,829,520	1,744,236

There were no loans to key management at December 31, 2009 and 2008.

25 Operating leases

The Company sublets parts of the property it leases from the Crown. The future minimum lease payments receivable under terms of the leases are as follows:

	2009 \$	2008 \$
Less than one year	1,612,156	1,564,112
Between one and five years	2,372,134	3,095,415
More than 5 years	228,270	783,052

During the year \$1,670,064 (2008 - \$1,603,868) was recognized as rental income in the statement of comprehensive income.

