NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2012

Chanka Seeterram & Co.
Chartered Accountants

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Chartered Accountants

REPORT OF THE AUDITORS' TO THE SHAREHOLDERS OF NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of National Maintenance Training and Security Company Limited, which comprise the statement of financial position as of December 31, 2012 and the statement of comprehensive income, the statement of changes in shareholders' equity and reserves 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 the fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls 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 accompanying financial statements present fairly, in all material respects the financial position of National Maintenance Training and Security Company Limited as of December 31, 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chanka Seeterram & Co

Chartered Accountants
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ST. AUGUSTINE

March 27, 2013

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NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

ASSETS	Notes	2012	2011 (Restated)
Non Current Assets			
FIXED ASSETS			
Property, plant and equipment	11	32,445,210	34,152,441
Other Non Current Assets			
Amounts receivable from GORTT	3	226,655,346	256,101,336
Pensions	4	7,352,000	7,207,000
		234,007,346	263,308,336
Current Assets			
Inventories	7	4,554,778	3,920,433
Trade debtors	8	126,874,624	134,340,808
Sundry receivables and prepayments	8a	26,062,380	7,727,343
Amounts receivable from GORTT	3	29,445,990	29,445,990
Investments	6	92,240,617	110,767,719
Cash on hand and at banks	9	47,605,981	49,713,522
		326,784,370	335,915,815
Total Assets		593,236,926	633,376,592
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	12	3,000,000	3,000,000
Revaluation reserve	13	19,777,867	19,777,867
Retained earnings		77,757,119	62,909,428
		100,534,986	85,687,295
Non Current Liabilities			
Provision for termination lump sum benefits	5	108,360,000	112,451,000
Provision for vacation leave		30,994,603	28,313,763
Deferred taxation	14	798,933	790,933
Amount due to bond holders	3	226,655,346	256,101,336
		366,808,882	397,657,032
Current Liabilities			
Trade creditors		18,400,728	16,580,668
Other creditors and accruals	10	78,046,340	104,005,607
Amounts due to bond holders	3	29,445,990	29,445,990
		125,893,058	150,032,265
Total Equity and Liabilities		593,236,926	633,376,592

The notes on pages 7 to 24 form an integral part of these financial statements.

On March 22, 2013 the Board of Directors of National Maintenance Training and Security Company Limited authorised these financial statements for issue.

Director **Director**

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	Notes	2012	2011 (Restated)
Revenue			
Income from operations	16	392,671,127	387,057,410
MTS Plaza rents		1,938,488	1,974,596
Disposal of fixed assets		2,150	(241,689)
		394,611,765	388,790,317
Less: Expenses			
Salaries and staff expenses	17	314,136,151	335,434,839
Operating expenses	18	26,124,259	19,206,564
Supplies and materials	19	29,715,764	14,122,757
Directors' fees and allowances		513,000	332,992
		370,489,174	369,097,152
Profit for the year before interest and depreciation		24,122,591	19,693,165
Finance charges	20	419,657	368,470
Depreciation	11	2,594,737	1,842,874
Profit for the year before taxation		21,108,197	17,481,821
Less:			
Taxation	21	6,260,506	7,761,734
Profit for the year after taxation		14,847,691	9,720,087
Other comprehensive income			
Revaluation of property	13	-	19,777,867
Total Comprehensive Income for the year		14,847,691	29,497,954

The notes on pages 7 to 24 form an integral part of these financial statements.

NATIONAL MAINTENANCE TRAINING AND SECURITY COMPANY LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Stated Capital	Revaluation Reserve	Retained Earnings (Restated)	Total
Year ended December 31, 2012				
Balance as at January 1, 2012	3,000,000	19,777,867	62,909,428	85,687,295
Total comprehensive income for the year	-	-	14,847,691	14,847,691
Balance as at December 31, 2012	3,000,000	19,777,867	77,757,119	100,534,986
Year ended December 31, 2011				
Balance as at January 1, 2011	3,000,000	-	42,245,964	45,245,964
Prior year adjustment re termination benefits	-	-	(15,143,000)	(15,143,000)
Prior year adjustment re contracts	-	-	26,086,377	26,086,377
Total comprehensive income for the year	-	-	9,720,087	9,720,087
Revaluation of property	-	19,777,867	-	19,777,867
Balance as at December 31, 2011	3,000,000	19,777,867	62,909,428	85,687,295

The notes on pages 7 to 24 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011 (Restated)
Net profit before taxation	21,108,197	17,481,821
Depreciation	2,594,737	1,842,874
Prior year adjustment	-	10,943,377
Other	-	61
(Gain)/loss on disposal of fixed assets	(2,150)	241,628
Operating profit before working capital changes	23,700,784	30,509,761
Changes in Working Capital		
(Increase)/decrease in severance and pensions	(4,236,000)	35,345,000
(Decrease)/increase in provision for vacation leave	2,680,840	(12,853,727)
Increase in receivables and prepayments	(9,349,784)	(2,731,387)
Increase in inventories	(634,345)	(90,670)
Increase in trade payables	1,820,060	3,855,072
Increase in accrued charges	(24,773,840)	(44,477,102)
Cash generated from operations	(10,792,285)	9,556,947
Taxation paid	(8,957,002)	(6,497,266)
Net cash inflow from operating activities	(19,749,287)	3,059,681
Cash flows from Investing Activities:		
Purchase of property, plant and equipment	(887,506)	(4,040,127)
Disposal of property, plant and equipment	2,150	96,543
Net cash outflow from investing activities	(885,356)	(3,943,584)
Net decrease in cash	(20,634,643)	(883,903)
Cash at beginning of the year	160,481,241	161,365,144
Cash at end of the year	139,846,598	160,481,241
Represented by:		
Cash on hand and at banks	47,605,981	49,713,522
Investments	92,240,617	110,767,719
	139,846,598	160,481,241

The notes on pages 7 to 24 form an integral part of these financial statements.

1. Incorporation and Principal Activities of the Company

The company was incorporated in the Republic of Trinidad and Tobago on November 27, 1979. The registered office is MTS Plaza, Aranguez Main Road, Aranguez, San Juan.

The company changed its name by Special Resolution from The Secondary Schools Maintenance Training and Security Company Limited to National Maintenance Training and Security Company Limited. Approval for the change was granted by the Registrar of Companies on December 29, 1989.

Its principal business activities are the provision of security, janitorial, agricultural services and project management.

2. Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared under the historical cost convention and no account has been taken of the effects of inflation. The company's accounting policies conform with International Financial Reporting Standards, except for property which has been revalued.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

The company makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Accounting Policies (cont'd)

2.2 Inventories

Inventories are valued at the lower of cost and net realisable value, allowance having been made for slow moving and obsolete items. Stocks are valued on an average cost basis.

Cost of inventories excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.3 Revenue and Expenditure

Revenue and expenditure are accounted for on an accruals basis. With respect to projects under management, the project management fees are recorded as revenue.

2.4 Investments

Investments are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity or changes in interest rates. These investments are carried at fair value with realised gains and losses being taken to the statement of comprehensive income.

2.5 Leases

For operating leases, lease payments are recognised as an expense on the straight line basis over the term of the lease.

2.6 Financial Assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the statement of financial position date. These are classified as non-current assets. The Company's loans and receivables comprise 'trade receivables and prepayments' and 'cash and cash equivalents' in the statement of financial position.

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 (cont'd)

2. Accounting Policies (cont'd)

2.7 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount of the obligation can be made.

2.8 Cash and Cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and the short term cash investments.

2.9 Foreign Currency Transactions

These financial statements are stated in Trinidad and Tobago dollars . Revenue transactions in foreign currencies are translated at the rates ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated at the rates prevailing at the statement of financial position date. Profit and losses thus arising are dealt with in the statement of comprehensive income.

2.10 Borrowings

Borrowings are recognised initially at cost, being their issue cost net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between 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.

2. Accounting Policies (cont'd)

2.11 Property, Plant and Equipment

Depreciation is calculated on the reducing balance basis utilizing rates sufficient to write-off the assets over their estimated lives as follows. The assets are stated at historical cost except for property which has been revalued.

Furniture, fixtures and equipment	10%
Plant, machinery and equipment	33%
Vehicles	25%
Computer equipment	33%
Fire arms	33%
Building	2.5%

No depreciation has been provided on land.

2.12 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 of 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 it's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Accounting Policies (cont'd)

2.13 Employee Benefits - Pension and Termination Benefit

The company operates a defined benefit pension plan, the assets of which are held in separate trustee-administered funds. The company also operates an unfunded termination lump sum benefit arrangement for unionized employees who are covered by an industrial agreement.

The company's pension and retirement benefit accounting costs are assessed under IAS 19 using the projected unit method, taking account of the recommendations of independent qualified actuaries.

2.14 Current and Deferred Taxes

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

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, and losses carried forward.

Currently enacted tax rates are used to determine deferred income tax.

Deferred taxation relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.15 Comparative Information

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2. Accounting Policies (cont'd)

2.16 Financial Risk Management

Financial Risk Factors

The company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. Risk management is carried out in line with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the investment of excess liquidity.

(a) Market Risk

The company monitors its exposure to fluctuations in foreign currencies. If it is determined that there is a need to hedge this exposure the appropriate instrument is used.

(b) Credit Risk

Credit risk arises from cash and cash equivalents as well as credit exposures to customers. The company has a significant concentration of credit risk. However, the company has policies in place to ensure that services rendered are made to customers with an appropriate credit history. The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance from counterparties.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the company aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) Cash Flow and Fair Value Interest Rate Risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

2.17 Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

2.18 New Standards and Interpretations not yet adopted

The company has not applied the following standards, revised standards and interpretations which have been issued but are not yet effective as they either do not apply to the activities of the company or have no material impact on its financial statements.

IFRS 2 - Share-based Payment

IFRS 8 - Operating Segments

IAS 27 - Consolidated and Separate Financial Statements

IAS 28 - Investments in Associates

IAS 29 - Financial Reporting in Hyperinflationary Economies

IAS 32 - Financial Instruments. Presentation

IAS 39 - Financial Instruments. Recognition and Measurement

IAS 40 - Investment Property

IAS 41 - Agriculture

3. Amounts receivable / due from the Government of Trinidad & Tobago

	2012	2011
Non Current Assets		
Amounts receivable from GORTT	226,655,346	256,101,336
Current Assets		
Amounts receivable from GORTT	29,445,990	29,445,990
	256,101,336	285,547,326
Non Current Liabilities		
Amounts due to Bond Holders	226,655,346	256,101,336
Current Liabilities		
Amounts due to Bond Holders	29,445,990	29,445,990
	256,101,336	285,547,326

Funded as follows:

1. Citicorp Merchant Bank	8,933,169	66,998,774	75,931,943
2. Unit Trust Corporation of T & T	11,538,462	103,846,152	115,384,614
3. Unit Trust Corporation of T & T	8,974,359	85,256,410	94,230,769
	29,445,990	256,101,336	285,547,326

1. **$174.1 million** issued by Citicorp Merchant Bank Limited on the June 15, 2000 in favour of National Maintenance Training and Security Co. Ltd. (MTS) to be used for the construction of ten Secondary Schools under the first phase of The Secondary Education Modernisation Programme (SEMP Phase 1) and extends for twenty years. These 11.75% Bonds 2000-2020 are guaranteed by the Government of Trinidad & Tobago.

2. **$225.0 million** issued by Unit Trust Corporation of Trinidad & Tobago Limited as a first tranche on the 16th November 2001 in favour of National Maintenance Training and Security Co. Ltd. (MTS) to be used for the construction of twelve Secondary schools under the second phase of the Secondary Education Modernisation Programme (SEMP Phase 2) and extends for twenty years. This bond issued as Series 1 - 10.15% Fixed Rate Bonds 2001 - 2021 under a guarantee from The Government of Trinidad and Tobago.

3. Amounts receivable / due from the Government of Trinidad & Tobago

3. **$175.0 million** issued by Unit Trust Corporation of Trinidad & Tobago Limited as the second tranche on the May 16, 2002 in favour of National Maintenance Training and Security Co. Ltd. (MTS) to be used for the construction of twelve Secondary Schools under the second phase of the Secondary Education Modernisation Programme (SEMP Phase 2) and extends for twenty years. This bond issued as Series 2 - 10.25% Fixed Rate Bonds 2002 - 2022 under a guarantee from The Government of Trinidad and Tobago.

4. Pensions

	2012	2011
Non-Current Assets	7,352,000	7,207,000

The company's pension and retirement benefit accounting cost are assessed under International Accounting Standard # 19 using the projected unit method by qualified independent actuaries.

MTS Pension Fund Plan

The amounts recognised in the Statement of Financial Position are as follows:

Non-Current Assets		**2012**	**2011**
Defined benefit obligation		37,707,000	33,637,000
Fair value of assets		(33,836,000)	(31,152,000)
		3,871,000	2,485,000
Unrecognised loss	**(Note 23)**	(11,223,000)	(9,692,000)
Net defined asset		(7,352,000)	(7,207,000)

4. Pensions (cont'd)

Movement in the Asset Recognised in the Statement of Financial Position

	2012	**2011**
Defined benefit asset as at January 1	(7,207,000)	(7,141,000)
Plus net pension cost	1,659,000	1,337,000
Less: Company contributions paid	(1,804,000)	(1,403,000)
Defined benefit asset as at December 31	(7,352,000)	(7,207,000)

The amounts to be recognised in the Statement of Comprehensive Income are as follows:

	2012	**2011**
Current service cost	1,441,000	1,322,000
Interest on defined benefit obligation	1,818,000	1,803,000
Expected return on plan assets	(2,022,000)	(2,062,000)
Amortised net loss	422,000	274,000
Net pension cost	1,659,000	1,337,000
Actual Return on Plan Assets	**2.775**	**1.570**

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 (cont'd)

5. Provision for Termination Lump Sum Benefit

	2012	2011
Provision for termination lump sum benefit	108,360,000	112,451,000

Company unfunded termination lump sum benefit arrangement

		2012	2011
Defined Benefit Obligation		116,746,000	112,370,000
Adjustment to opening defined benefit obligation			
Unrecognised gain/(loss)	**(Note 23)**	(8,386,000)	81,000
Net defined liability		108,360,000	112,451,000

Movement in the Liability recognised in the Statement of Financial Position

	2012	2011
Defined benefit asset as at January 1	112,451,000	77,040,000
Adjustment to opening defined benefit obligation	(12,919,000)	15,143,000
Plus termination benefit net cost	15,078,000	25,262,000
Less: Company contributions paid	(6,250,000)	(4,994,000)
Defined benefit asset as at December 31	108,360,000	112,451,000

The amounts recognised in the Statement of Comprehensive Income are as follows:

		2012	2011 (Restated)
Adjustment to opening defined benefit obligation		(12,919,000)	12,919,000
Current service cost		9,778,000	7,034,000
Interest on defined benefit obligation		5,300,000	5,309,000
	(Note 17)	2,159,000	25,262,000

6. Investments

	2012	2011
Unit Trust Corporation	50,939,275	70,161,851
First Citizens Bank Limited	41,301,342	40,605,868
	92,240,617	110,767,719

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 (cont'd)

7. Inventories

	2012	2011
Electronics security	275,351	311,340
Raw materials and consumables	4,659,967	3,989,633
Less : Provision for obsolescence	(380,540)	(380,540)
	4,554,778	3,920,433

8. Trade Debtors

	2012	2011
Trade debtors	164,058,009	171,524,193
Provision for bad and doubtful debts	(37,183,385)	(37,183,385)
	126,874,624	134,340,808

8a. Sundry Receivable and Prepayments

	2012	2011
Prepayments	2,885,393	3,414,275
Projects under management	21,612,045	4,207,155
Other	45,873	105,913
Taxation recoverable	1,519,069	-
	26,062,380	7,727,343

9. Cash In Hand and At Banks

	2012	2011
Petty Cash Floats	103,000	98,000
First Citizens Bank Limited	63,436	63,436
Republic Bank Limited	36,236,398	36,547,327
Republic Bank Limited - SEMP Phase II	8,047,756	8,048,377
Republic Bank Limited - Payroll	47,562	48,777
Scotia Bank of T & T Limited	2,844,212	4,544,143
Scotia Bank of T & T Limited - Fleet Card	263,617	363,462
	47,502,981	49,615,522
TOTAL	47,605,981	49,713,522

10. Other Creditors and Accruals

	2012	2011
Taxation payable	-	1,185,427
VAT payable	3,839,153	2,790,969
Projects under management - net	4,476,293	35,826,387
Other creditors and accruals	69,730,894	64,202,824
	78,046,340	104,005,607

11. Property, Plant and Equipment

	Furniture and Appliances	Office Equip & Machines	Plant & Equipment	Vehicles	Computer Equipment	Firearms	Land	Building	Total
Cost/Revaluation									
As at January 1, 2012	2,951,164	3,636,380	13,752,518	8,381,721	4,616,461	1,424,859	1,950,000	28,050,000	64,763,103
Additions for the year	105,748	37,201	419,681	40,000	284,876	-	-	-	887,506
Disposals for the year	-	-	-	(18,000)	-	-	-	-	(18,000)
As at December 31, 2012	3,056,912	3,673,581	14,172,199	8,403,721	4,901,337	1,424,859	1,950,000	28,050,000	65,632,609
Accumulated Depreciation									
As at January 1, 2012	2,070,656	3,385,640	11,673,517	6,440,315	3,060,389	1,278,591	-	2,701,554	30,610,662
Charge for year	96,897	54,472	786,355	503,536	461,557	58,209	-	633,711	2,594,737
Disposals for the year	-	-	-	(18,000)	-	-	-	-	(18,000)
As at December 31, 2012	2,167,553	3,440,112	12,459,872	6,925,851	3,521,946	1,336,800	-	3,335,265	33,187,399
Net Book Value									
As at December 31, 2012	889,359	233,469	1,712,327	1,477,870	1,379,391	88,059	1,950,000	24,714,735	32,445,210
Cost									
As at January 1, 2011	2,661,291	3,614,171	13,106,326	7,135,177	3,378,734	1,424,859	1,950,000	8,176,162	41,446,720
Additions for the year	294,868	22,209	695,382	1,762,241	1,265,427	-	-	-	4,040,127
Revaluation	-	-	-	-	-	-	-	19,873,838	19,873,838
Disposals for the year	(4,995)	-	(49,190)	(515,697)	(27,700)	-	-	-	(597,582)
As at December 31, 2011	2,951,164	3,636,380	13,752,518	8,381,721	4,616,461	1,424,859	1,950,000	28,050,000	64,763,103
Accumulated Depreciation									
As at January 1, 2011	1,987,573	3,323,836	10,886,574	6,307,642	2,754,666	1,208,189	-	2,462,687	28,931,167
Charge for year	83,373	61,804	808,686	357,547	318,166	70,402	-	142,896	1,842,874
Revaluation	-	-	-	-	-	-	-	95,971	95,971
Disposals for the year	(290)	-	(21,743)	(224,874)	(12,443)	-	-	-	(259,350)
As at December 31, 2011	2,070,656	3,385,640	11,673,517	6,440,315	3,060,389	1,278,591	-	2,701,554	30,610,662
Net Book Value									
As at December 31, 2011	880,508	250,740	2,079,001	1,941,406	1,556,072	146,268	1,950,000	25,348,446	34,152,441

The company had its property revalued professionally by Linden Scott and Associates Ltd. (See Note 13)

	2012	2011
12. Stated Capital		
Authorised		
Unlimited number of ordinary shares of $1 each		
Issued		
3,000,000 ordinary shares of $1 each	3,000,000	3,000,000

13. Revaluation Reserve

The property comprising freehold lands and buildings were revalued in accordance with IAS 16 by a professional firm of valuators, Linden Scott and Associates. The surplus arising from the revaluation was credited to the revaluation reserve account.

		2012	2011
14. Deferred Taxation			
Deferred Tax Liability			
Balance brought forward		790,933	711,892
Charge to Statement of Comprehensive Income	**(Note 21)**	8,000	79,041
Balance carried forward		798,933	790,933

	2012	2011
15. Related Parties		
Directors' compensation	513,000	332,992
Key management compensation		
Salaries and other short term benefits	3,214,800	2,700,580
Post employment benefits	403,181	514,088
	3,617,981	3,214,668

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 (cont'd)

16. Income	2012	2011
Security	205,611,451	214,379,022
Janitorial/Maintenance	145,845,011	136,586,293
Engineering	6,434,052	1,456,514
Agri Business	10,917,164	9,894,078
Technical	22,087,007	21,901,338
Miscellaneous	1,776,442	2,840,165
Total Income	392,671,127	387,057,410

17. Salaries and Staff Expenses	2012	2011 (Restated)
Fortnightly wages	271,355,099	268,914,393
Monthly salaries	15,156,874	17,309,641
Casual Labour	268,356	300,060
Medical Expenses	741,984	960,359
Local Travel	-	6,608
Employer's NIS Contribution	21,383,455	18,665,855
Employer's Contribution Health Plan	155,790	329,385
Group Life	123,317	85,817
Entertainment allowance	591	-
Pension Plan	1,659,000	1,337,000
Staff Welfare	1,050,697	2,091,031
Termination benefits	2,159,000	25,262,000
Dental and vision	43,101	20,731
Interest Subsidy - Employees' Loans	38,887	151,959
Total Salaries and Staff Expenses	314,136,151	335,434,839

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 (cont'd)

18. Operating Expenses	**2012**	**2011**
Air travel	219,350	119,227
Accommodation	260,812	187,206
Data Processing - Other Expenses	169,842	478,443
Equipment - Small Items	-	280,850
Consumable Tools	261,055	181,391
Insurances	2,586,867	2,350,513
Legal and Professional	2,008,421	2,601,216
Library Costs	36,096	55,129
Vehicle Licence / Inspection	-	51,000
Vehicle Parking	28,146	15,706
Tenders	13,450	(4,907)
Other	628,276	636,886
FUEC/Gun lodging/Precept/Licence	425,840	340,600
Canine Security	2,156,421	1,796,580
Other Security Services	32,980	3,220
Operating Expenses - Vehicles	898,036	834,266
Photocopying	7,606	-
Photography	6,192	1,739
Postage	2,347	1,488
Public Relations	7,420,255	2,532,689
Rents	6,705,465	4,643,758
Telephone and telexes	962,474	829,648
Training	160,338	142,055
Transportation	24,600	18,192
Electricity	937,975	1,041,467
Water Rates	171,415	68,202
Total Operating Expenses	26,124,259	19,206,564

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012 (cont'd)

19. Supplies and Materials	**2012**	**2011**
Supplies	10,181,557	7,279,947
Repairs and maintenance	13,090,533	3,376,121
Consumables	6,163,171	2,968,082
Other	280,503	498,607
	29,715,764	14,122,757

20. Finance Charges	**2012**	**2011**
BIR interest and penalty	151,521	120,901
Bank charges	258,136	237,569
	409,657	358,470
Fees on Bonds	10,000	10,000
Total Finance / Interest Charges	419,657	368,470

21. Taxation	**2012**	**2011**
Corporation Tax	5,857,896	7,293,661
Green Fund Levy	394,610	389,032
	6,252,506	7,682,693
Deferred Tax		
Tax Liability Charge (See Note 14)	8,000	79,041
	8,000	79,041
TOTAL	6,260,506	7,761,734
Profit before taxation	21,108,197	17,481,821
Tax calculated at 25%	5,277,049	4,370,455
Prior year adjustment subject to tax	-	2,735,844
Expenses not deductible for tax	1,113,382	811,680
Income/allowances not subject to tax	(524,535)	(545,277)
	5,865,896	7,372,702
Business and Green Fund Levy	394,610	389,032
	6,260,506	7,761,734

22. Restatement

In the year ended December 31, 2011 a provision of $12,919,000 was made in the accounts for prior year's termination benefits and charged to Retained Earnings.

This adjustment has been reversed in the current year's Statement of Comprehensive Income.

Accordingly, the prior year adjustment has been reversed in the financial statements for the year ended December 31, 2011 from Retained Earnings to Statement of Comprehensive Income and the accounts restated to reflect same.

23. Subsequent Events

For the pension fund plan and the termination lump sum benefit, according to the Actuary's reports for the year ended December 31, 2012 there are unrecognised losses which according to IAS 19 must be fully recognised in the accounts of the company for the financial year ending December 31, 2013. Accordingly, the company has agreed to include the unrecognised loss of $19,609,000 as a charge to its Retained Earnings in the year 2013.

	2012	2011
Unrecognised loss adjustment as per Note 4	11,223,000	9,692,000
Unrecognised loss adjustment as per Note 5	8,386,000	81,000
	19,609,000	9,773,000

24. Contingent Liabilities

	2012	2011
Performance Bonds	$ 164,000	$ 642,420
Litigation Matters	$ 2,500,000	$ 15,000,000

The Company has a number of small legal claims pending against it which in the opinion of the directors will not be successful.