



KINGSTON WHARVES LIMITED Interim Report to Stockholders

Unaudited Group Results for the
3 months Ended 31st March 2021



Chairman's Statement

The Board of Directors of Kingston Wharves Limited (KWL) presents the unaudited financial results for the period ended March 31, 2021. The 2021 first quarter will be the last time that we compare the current results of operations for KWL with a reporting period before the full onset of the Covid-19 pandemic and all of its associated restrictions on global travel, social engagement and general business activity. Despite the ongoing challenges associated with the pandemic, we have recovered much of the lost ground. For the three-month period, the Group achieved consolidated revenues of \$1.85 billion, a 1% or \$26 million decrease over the corresponding period in 2020. Net profit attributable to shareholders of \$548 million was also down 1% relative to the prior year. Earnings per share for the quarter was 38.30 cents compared to 38.72 cents in prior year.

Terminal Operations

The Terminal Operations division generated operating revenue of \$1.4 billion for the three-month period, a decrease of 6% over the corresponding period of the prior year. Divisional profits decreased by 24% from \$595 million to \$451 million year-on-year.

The division remains the largest segment of the Group, contributing 68% of revenues. The economic downturn, which saw a reduction in

domestic motor vehicle imports and some commercial shipments directly impacted the performance of this division. This was only partially offset by a growth in the volume of consolidated shipments by traders who were making greater use of logistics services and e-commerce providers, over full container load shipments. Significantly increased costs and fees associated with our Special Economic Zone (SEZ) designation, which took effect in the second quarter of the prior year, coupled with the volatility in the foreign exchange market also contributed to the division's 2021 first quarter results. The Special Economic Zone is expected to attract business for the terminal in the medium term but the arrangement incurs significant short-term costs.

Kingston Wharves' terminal operations remains a crucial link in the local and regional supply chain, serving more than 30 destinations, with the capacity to handle all cargo types from bulk, breakbulk, automotive and containerized cargo.

Logistics Services

The Logistics Services division continued to experience growth in the first quarter. This business unit generated revenues of \$614 million, an increase of 16% over the prior year. Divisional profits significantly increased by 64% relative to 2020 from \$140 million to \$230 million. The relatively strong performance of this



division is the realization of gains from recent capital investments made to attract new business and expand service offerings. KWL offers customized logistics services to customers in a range of sectors spanning telecommunications, automotive trade, manufacturing and retail.

Outlook

Kingston Wharves has seen signs of recovery in our business, with the services of the Logistics Division driving the upturn. These positive results are the culmination of critical investments made in our business over the last several years, including the construction of our Total Logistics Facility and other specialized warehousing facilities, coupled with modern IT systems to streamline the tracking of shipments and customs clearance. A full recovery will depend on the return of tourism arrivals, improved business and consumer confidence and greater flexibility around the implementation of major capital projects. We are satisfied that our competitive position in the domestic and regional markets remains strong.

Jeffrey Hall
Chairman

In 2021, we have earmarked resources for major rehabilitation works on Berth 7 as part of a continuing process of enhancing the competitiveness of our infrastructure. Through a partnership with the Port Authority of Jamaica, we have also strengthened our security apparatus as an additional value proposition to our discerning local and international clientele.

KWL continues to tap into technology to enhance our processes and have implemented a contactless cargo clearance platform "*Click N Collect*", and an e-Services platform as a one-stop-shop for all its online payment options. These tools are an essential component of the company's effort to improve customer convenience, reduce in-branch activity and help in the fight against COVID-19.

We will continue to leverage these unique attributes to deliver value to our stakeholders. Our growth strategy will also be focused on value-added partnerships to extend our footprint and improve our range of logistics services locally and regionally.

I take this opportunity to thank the Board, the KWL team and all our stakeholders for their continued support.

Kingston Wharves Limited
Consolidated Income Statement (Unaudited)
Three months ended 31 March 2021
(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 31/03/2021 \$'000	3 Months to 31/03/2020 \$'000
Revenue	1,850,717	1,876,349
Cost of sales	(975,101)	(944,079)
Gross Profit	875,616	932,270
Other operating income	119,957	140,351
Administrative expenses	(314,850)	(337,329)
Operating Profit	680,723	735,292
Finance costs	(35,757)	(40,157)
Profit Before Taxation	644,966	695,135
Taxation	(84,713)	(133,198)
Net Profit for the Period	560,253	561,937
 Net Profit Attributable to:		
Equity holders of the company	547,769	553,734
Minority interest	12,484	8,203
	<u>560,253</u>	<u>561,937</u>
 EARNINGS PER STOCK UNIT		
attributable to the stockholders of the company expressed in cents per share		
Based on stock units in issue	<u>38.30</u>	<u>38.72</u>
After exclusion of stock units held by ESOP	<u>38.31</u>	<u>38.75</u>

Kingston Wharves Limited
Consolidated Statement of Comprehensive Income (Unaudited)
Three months ended 31 March 2021
(expressed in Jamaican dollars unless otherwise indicated)


	3 Months to 31/03/2021 \$'000	3 Months to 31/03/2020 \$'000
Net Profit for the Period	560,253	561,937
Other Comprehensive Income		
Effect of change in tax rate on deferred taxation on revaluation surplus	108,666	(81,109)
Other Comprehensive Income for period	108,666	(81,109)
Total Comprehensive Income	668,919	480,828
Total Comprehensive Income Attributable to:		
Equity holders of the company	656,435	472,625
Minority interest	12,484	8,203
	668,919	480,828

Kingston Wharves Limited
Consolidated Statement of Financial Position (Unaudited)
31 March 2021


(expressed in Jamaican dollars unless otherwise indicated)

	Mar-21 \$ '000	Audited Dec-20 \$ '000	Mar-20 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	27,842,060	27,243,619	22,299,621
Right of Use Asset	159,389	175,855	230,143
Investment Property	558,721	560,701	566,640
Intangible asset	92,014	100,014	70,185
Financial assets at fair value through other comprehensive income	537,111	537,112	128,466
Deferred income tax assets	8,934	6,250	3,512
Retirement benefit asset	1,549,850	1,549,850	2,071,885
	<u>30,748,079</u>	<u>30,173,401</u>	<u>25,370,452</u>
Current Assets			
Inventories	439,245	413,852	440,163
Trade and other receivables	937,872	701,300	956,030
Taxation recoverable	20,529	10,464	13,301
Short term investments	6,453,529	6,558,479	5,018,784
Cash and bank	374,452	376,010	633,011
	<u>8,225,627</u>	<u>8,060,105</u>	<u>7,061,289</u>
Total Assets	<u>38,973,706</u>	<u>38,233,506</u>	<u>32,431,741</u>
EQUITY			
Stockholders' Equity			
Share capital	2,043,744	2,043,744	2,043,744
Capital reserves	19,017,169	18,905,357	13,752,105
Asset replacement/rehabilitation and depreciation reserves	216,813	216,761	216,634
Retained earnings	11,961,041	11,416,470	11,053,602
	<u>33,238,767</u>	<u>32,582,332</u>	<u>27,066,085</u>
Minority Interest	<u>228,575</u>	<u>216,091</u>	<u>186,116</u>
	<u>33,467,342</u>	<u>32,798,423</u>	<u>27,252,201</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	1,226,013	1,234,558	1,652,386
Lease liability	81,617	97,442	149,382
Deferred income tax liabilities	1,634,053	1,756,649	1,522,397
Retirement benefit obligations	384,517	384,517	370,149
	<u>3,326,200</u>	<u>3,473,166</u>	<u>3,694,314</u>
Current Liabilities			
Trade and other payables	1,638,808	1,348,723	881,042
Taxation	16,740	84,125	28,915
Borrowings	438,988	446,183	495,240
Current portion of lease/longterm liability	85,628	82,886	80,029
	<u>2,180,164</u>	<u>1,961,917</u>	<u>1,485,226</u>
Total Equity and Liabilities	<u>38,973,706</u>	<u>38,233,506</u>	<u>32,431,741</u>

Approved for issue by the Board of Directors on 12 May 2021 and signed on its behalf by:



 Jeffrey Hall Chairman



 Mark Williams Director

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Three Months ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the company							
	Share Capital \$'000	Capital Reserves \$'000	Asset Replacement/ Rehabilitation and Depreciation Reserves \$'000		Retained Earnings \$'000	Total \$'000	Minority Interest \$'000	Total Equity \$'000
Balance at 1 January 2020	2,043,744	13,830,069	216,598	10,503,049	26,593,460	177,913	26,771,373	
Profit for the year	-	-	-	553,734	553,734	8,203	561,937	
Other comprehensive income	-	(81,109)	-	-	(81,109)	-	(81,109)	
Total comprehensive income for year	-	(81,109)	-	553,734	472,625	8,203	480,828	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	36	(36)	-	-	-	
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	3,145	(3,145)	-	-	-	
Transfer from asset replacement/rehabilitation and depreciation reserves	-	3,145	(3,145)	-	-	-	-	
Balance at 31 March 2020	2,043,744	13,752,105	216,634	11,053,602	27,066,085	186,116	27,252,201	
Balance at 1 January 2021	2,043,744	18,905,357	216,761	11,416,470	32,582,332	216,091	32,798,423	
Profit for the year	-	-	-	547,769	547,769	12,484	560,253	
Other comprehensive income	-	108,666	-	-	108,666	-	108,666	
	-	108,666	-	547,769	656,435	12,484	668,919	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	52	(52)	-	-	-	
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	3,146	(3,146)	-	-	-	
Transfer from asset replacement/rehabilitation and depreciation reserves	-	3,146	(3,146)	-	-	-	-	
Balance at 31 March 2021	2,043,744	19,017,169	216,813	11,961,041	33,238,767	228,575	33,467,342	



Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Three Months ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	March 2021 \$'000	March 2020 \$'000
Cash Provided from Operating Activities		
Net Profit	560,253	561,937
Adjustments for:		
Amortisation	8,000	5,587
Depreciation	219,849	196,633
Net foreign exchange gains	(68,320)	(85,415)
Loss on disposal of property, plant & equipment	-	2,867
Interest Income	(51,637)	(41,228)
Finance costs	35,757	40,157
Taxation	84,713	133,198
	<u>788,615</u>	<u>813,736</u>
Changes in operating assets and liabilities:		
Inventories	(25,393)	(7,118)
Trade and other receivables	(198,300)	(122,428)
Trade and other payables	783,403	(90,451)
Cash provided by operations	<u>1,348,325</u>	<u>593,739</u>
Tax paid	<u>(179,786)</u>	<u>(177,646)</u>
Net cash provided by operating activities	<u>1,168,539</u>	<u>416,093</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(799,831)	(195,577)
Purchase of Intangibles	-	(1,425)
Proceeds from sale of property plant and equipment	-	5,000
Short term deposits with maturities in excess of three months	(73,991)	-
Interest received	51,260	32,837
Cash used in investing activities	<u>(822,562)</u>	<u>(159,165)</u>
Cash Flows from Financing Activities		
Dividends paid	(493,318)	(443,350)
Loans received	100,000	-
Lease payments made	(23,245)	(21,582)
Loans repaid	(120,546)	(126,006)
Interest paid	(21,570)	(37,224)
Net cash used by financing activities	<u>(558,679)</u>	<u>(628,162)</u>
Net increase/(decrease) in cash and cash equivalents	(212,702)	(371,234)
Net cash and cash equivalents at beginning of period	6,793,720	5,923,489
Exchange adjustment on foreign currency cash and cash equivalents	32,203	99,540
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>6,613,221</u></u>	<u><u>5,651,795</u></u>
Comprising:		
Short term investments	6,453,529	5,018,784
Short term investments with maturities exceeding three months	<u>(214,760)</u>	<u>-</u>
	6,238,769	5,018,784
Cash and bank	<u>374,452</u>	<u>633,011</u>
	<u>6,613,221</u>	<u>5,651,795</u>

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,257,504	593,213	-	1,850,717
Operating revenue from segments	159,404	20,306	(179,710)	-
Total revenue	1,416,908	613,519	(179,710)	1,850,717
Profit from operations	450,835	229,888	-	680,723
Finance costs	(33,065)	(21,158)	18,466	(35,757)
Profit before income tax				644,966
Income tax				(84,713)
Profit before non-controlling interest				560,253
Non-controlling interest				(12,484)
Net profit attributable to equity holders of the company				547,769
Segment assets	32,076,916	6,595,889	(1,278,412)	37,394,393
Unallocated assets				1,630,966
Total assets				39,025,359
Segment liabilities	3,817,689	817,355	(1,163,990)	3,471,054
Unallocated liabilities				2,086,963
Total liabilities				5,558,017
Other segment items:				
Interest income	53,695	7,894	(9,952)	51,637
Capital expenditures	799,831	-	-	799,831
Depreciation & Amortization	185,408	42,441	-	227,849

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months ended 31 March 2020
(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,367,129	509,220	-	1,876,349
Operating revenue from segments	146,517	20,414	(166,931)	-
Total revenue	1,513,646	529,634	(166,931)	1,876,349
Profit from operations	594,858	140,434	-	735,292
Finance costs	(24,766)	(28,740)	13,349	(40,157)
Profit before income tax				695,135
Income tax expense				(133,198)
Profit before non-controlling interest				561,937
Non-controlling interest				(8,203)
Net profit attributable to equity holders of the company				553,734
Segment assets	25,601,361	5,800,619	(1,058,937)	30,343,043
Unallocated assets				2,088,698
Total assets				32,431,741
Segment liabilities	2,319,989	1,868,158	(930,068)	3,258,079
Unallocated liabilities				1,921,461
Total liabilities				5,179,540
Other segment items:				
Interest income	45,300	4,841	(8,913)	41,228
Capital expenditures	196,742	260	-	197,002
Depreciation & Amortisation	165,861	64,795	(28,436)	202,220

Kingston Wharves Limited

**Notes to the Financial Statements (Unaudited)
for three months ended 31 March 2021**

Summary of Significant Accounting Policies

1. Identification and Principal Activities

The Company and its subsidiaries (the Group) are incorporated and resident in Jamaica. The principal activities of the Company and its subsidiaries comprise the operation of public wharves, stevedoring, logistics services and security services.

The wharfage rates and specified penal charges billed to customers by the Company are subject to regulation by the Port Authority of Jamaica.

The Company's registered office is located at the Total Logistics Facility, 195 Second Street, Newport West, Kingston.

2. Basis of Preparation

The condensed interim financial information for the period ended 31 March 2021 has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The condensed interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended 31 December 2020.

Accounting policies used are consistent with those used in the consolidated financial statements. Presentation of the condensed interim financial information is consistent with the annual financial statements. Where necessary the financials have been reclassified or extended from the previously reported condensed interim financial information to take into account any presentational changes made in the annual consolidated financial statements or in those condensed financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of the current events and action, actual results could differ from those estimates. The procedures in determining these estimates are disclosed in Note 3.

3. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

The Group makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments 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.

Kingston Wharves Limited

**Notes to the Financial Statements (Unaudited)
for three months ended 31 March 2021**

4. Fixed Assets

All fixed assets are initially recorded at cost. Freehold land, plant and building are subsequently shown at market value, based on periodic (triennial) valuations by external independent valuers, less subsequent depreciation of plant and building. All other fixed assets are carried at cost less accumulated depreciation.

5. Leases

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

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

6. Intangible Assets

Separately-acquired rights and benefits under third party contracts with a finite useful life are shown at historical cost less subsequent amortisation. This is tested annually for impairment and carried at cost less accumulated losses. Other intangible assets which include computer software licenses are shown at historical cost and amortised over their estimated useful lives.

7. Investment Property

The investment property is carried at cost less accumulated depreciation. It is leased to tenants under long-term operating leases with rentals payable monthly.

8. Cash & Cash Equivalents

Net cash and cash equivalents at the end of the period represents cash and bank and short term deposits.

9. Deferred Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 12.5% (2020 – 12.5%) for the parent and 12.5% or 25% (2020- 25%) for subsidiaries.

Kingston Wharves Limited

**Notes to the Financial Statements (Unaudited)
for three months ended 31 March 2021**

10. Segment Reporting

Segment information is presented in respect of the Group's strategic business segments. The identification of the business segments is based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The Group's business segment reflect its current strategy and focus. The profit or loss before finance cost and taxation is used to measure the segment result. The Group is organised into the following business segments:

- (a) Terminal Operations - This incorporates the operation of public wharves and the stevedoring of vessels.
- (b) Logistics Services - This incorporates the provision of logistics facilities, port security services, rental of cold storage facilities and property rental.

11. Employee Share Ownership Trust

The company has an Employee Share Ownership Trust and earnings per share is calculated by dividing profit attributable to the Group by the number of ordinary shares in issue excluding those held by the ESOP during the period.

12. COVID-19 Pandemic

The coronavirus pandemic continues to disrupt global trade and commercial activity and more significantly the tourism and travel industry. The Group is actively monitoring the impact of the global economic downturn on its financial position, financial results and cash flows. During the quarter, the Group maintained a favourable liquidity position with an increase in cash and short-term deposits and the improvement of its receivable balances.

The Group continues to manage the associated risks of COVID-19 through its various Board and management committees and maintain safety measures to minimise the impact on operations, staff, customers and other stakeholders.



KINGSTON WHARVES LIMITED

TOP TEN SHAREHOLDERS AT MARCH 31, 2021

NAMES	SHAREHOLDING	% OF CAPITAL
JAMAICA PRODUCERS GROUP LTD	600,736,635	42.00
S.B.D. LLC	300,689,810	21.02
KINGSTON PORTWORKERS SUPERANNUATION FUND	159,665,745	11.16
SAJE LOGISTICS INFRASTRUCTURE LIMITED	127,029,610	8.88
MARITIME & TRANSPORT SERVICES LTD	68,125,418	4.76
SAGICOR POOLED EQUITY FUND	32,859,889	2.30
LANNAMAN & MORRIS (SHIPPING) LTD	28,845,258	2.02
NCB INSURANCE CO LTD. - A/C WT 181	9,000,000	0.63
SEAFREIGHT LINE LTD	6,029,108	0.42
SJIML A/C 3119	6,000,000	0.42
	1,338,981,473	93.6220
	JCSD	3,238
	MAIN REGISTER	1,221
NO. OF SHAREHOLDERS AT MARCH 31, 2021	TOTAL	4,459



KINGSTON WHARVES LIMITED

DIRECTORS' SHAREHOLDINGS AT MARCH 31, 2021

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
DIRECTORS				
BRUCE BRECHEISEN	NIL	S.B.D. LLC	300,689,810	300,689,810
KIM CLARKE	NIL	MARITIME & TRANSPORT SERVICES LTD. SAJE LOGISTICS INFRASTRUCTURE LIMITED A.E. PARNELL COMPANY LIMITED KINGSTON PORTWORKERS SUPERANNUATION FUND	68,125,418 127,029,610 4,277,776 159,665,745	359,098,549
JEFFREY HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	600,736,635 127,029,610	727,766,245
MARSHALL HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED	600,736,635	600,736,635
ROGER HINDS	NIL	TRANSOCEAN SHIPPING LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	1,481,481 127,029,610	128,511,091
CHARLES JOHNSTON	47,058	JAMAICA FRUIT & SHIPPING LIMITED JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED KINGSTON PORTWORKERS SUPERANNUATION FUND	381,068 600,736,635 127,029,610 159,665,745	887,860,116
CHARMAINE MARAGH	NIL	LANNAMAN & MORRIS SHIPPING LTD.	28,845,258	28,845,258
KATHLEEN MOSS	2,000	JAMAICA PRODUCERS GROUP LIMITED	600,736,635	600,738,635
ROBERT SCAVONE	NIL			NIL
GRANTLEY STEPHENSON	193,981	SAJE LOGISTICS INFRASTRUCTURE LIMITED	127,029,610	127,223,591
DORIAN VALDES	NIL			NIL
MARK WILLIAMS	90,000			90,000



KINGSTON WHARVES LIMITED

SENIOR MANAGERS' SHAREHOLDINGS AT MARCH 31, 2021

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
VALRIE CAMPBELL	25,000	-	-	25,000
LANCELOT GREEN	3,900	-	-	3,900
FRANCES MIGHTY-HUTCHINSON	NIL	-	-	NIL
CLOVER MOODIE	40,000	-	-	40,000
STEPHAN MORRISON	NIL	-	-	NIL
CAPTAIN GEORGE REYNOLDS	NIL	-	-	NIL
DENISE WALCOTT-SAMUELS	NIL	-	-	NIL