



KINGSTON WHARVES LIMITED

INTERIM STOCKHOLDERS REPORT
UNAUDITED GROUP RESULTS FOR THE
3 MONTHS ENDED 31ST MARCH 2022



Chairman's Statement

The Board of Directors of Kingston Wharves Limited (KWL) presents the unaudited financial results for the period ended March 31, 2022. For the three-month period, KWL achieved consolidated revenues of \$2.25 billion, a 21% or \$395 million increase over the corresponding period in 2021. Net profit attributable to shareholders of \$671 million was also up 22% relative to the prior year. Earnings per share for the quarter was 46.89 cents compared to 38.30 cents in prior year.

Terminal Operations

The Terminal Operations division generated operating revenue of \$1.8 billion for the three-month period, an increase of 31% over the corresponding period of the prior year. Divisional profits increased by 42% from \$441 million to \$626 million.

The division remains the larger segment of the Group, contributing 72% of revenues. The improved performance in this division was driven by a significant increase in the company's transshipment business.

KWL's investment in its multi-purpose cargo-handling capabilities and digital infrastructure

continue to generate improved operational efficiencies.

The results for the first quarter demonstrate that Kingston Wharves continues to offer a competitive option for shipping lines and cargo owners that seek to move cargo through the region.

Logistics Services

The KWL Logistics Services division delivered solid results for the first quarter. This business unit generated revenues of \$673 million, an increase of 3% over the prior year. Divisional profits marginally increased by 1% relative to 2021 from \$171 million to \$173 million.

KW Logistics is strategically positioned to lead on delivery to a wide range of importers of cargo for the domestic market and is cooperating with international logistics interests to serve international markets. We benefit from ongoing investment in modern port-centered logistics facilities as well as a platform of integrated systems for cargo tracking and handling.

Outlook

Kingston Wharves has maintained its momentum of positive results into 2022 and is approaching the remaining year ahead with cautious optimism. The global supply chain is expected to continue to be disrupted by the lingering effects of the pandemic and this will be exacerbated by geopolitical instability throughout the world. Global shocks related to high fuel costs, the knock on effects on increased commodity prices and reduced supply, and the disruption of shipping activities from certain regions of the world will compound these challenges. Kingston Wharves will navigate these conditions with increased focus on our competitiveness, our customer service and our strategic relationships. As 2022 progresses, we will support this with a range of infrastructural development initiatives to enhance our terminal and logistics operations. Improvements to our berth, container yard, and cargo handling equipment facilities, will be complemented by additional investments in digital infrastructure, such as the upgrading of our terminal operating system, expansion of e-commerce mechanisms and technologically-enabled security enhancements.

As the company strengthens adherence to global best practices, we will also deploy technology to support virtual training for our team members in leadership and specialised logistics services. These measures will underpin KWL's drive to maximise the long term prospects for our Special Economic Zone operations to deliver supply chain services to diverse global interests in the automotive, manufacturing and construction sectors.

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

Jeffrey Hall
Chairman

Kingston Wharves Limited
Consolidated Income Statement (Unaudited)
Three Months Ended 31 March 2022
(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 31/03/2022 \$'000	3 Months to 31/03/2021 \$'000
Revenue	2,245,977	1,850,717
Cost of sales	(1,148,872)	(975,101)
Gross Profit	1,097,105	875,616
Other operating income	80,077	119,957
Administrative expenses	(380,759)	(314,850)
Operating Profit	796,423	680,723
Finance costs	(27,052)	(35,757)
Profit Before Taxation	769,371	644,966
Taxation	(90,509)	(84,713)
Net Profit for the Period	678,862	560,253
 Net Profit Attributable to:		
Equity holders of the company	670,648	547,769
Minority interest	8,214	12,484
	678,862	560,253
 EARNINGS PER STOCK UNIT		
attributable to the stockholders of the company expressed in cents per share		
Based on stock units in issue	46.89	38.30
After exclusion of stock units held by ESOP	46.91	38.31

Kingston Wharves Limited**Consolidated Statement of Comprehensive Income (Unaudited)****Three Months Ended 31 March 2022***(expressed in Jamaican dollars unless otherwise indicated)*

	3 Months to 31/03/2022 \$'000	3 Months to 31/03/2021 \$'000
Net Profit for the Period	678,862	560,253
Other Comprehensive Income		
Effect of change in tax rate on deferred taxation on revaluation surplus	-	108,666
Other Comprehensive Income for period	-	108,666
Total Comprehensive Income	678,862	668,919
Total Comprehensive Income Attributable to:		
Equity holders of the company	670,648	656,435
Minority interest	8,214	12,484
	678,862	668,919


Kingston Wharves Limited
Consolidated Statement of Financial Position (Unaudited)
As At 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Mar-22 \$ '000	Mar-21 \$ '000	Audited Dec-21 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	27,391,196	27,842,060	27,510,200
Right of Use Asset	93,424	159,389	109,909
Investment Property	550,803	558,721	552,783
Intangible asset	68,888	92,014	76,439
Financial assets at fair value through other comprehensive income	449,617	537,111	449,617
Deferred income tax assets	2,043	8,934	8,765
Retirement benefit asset	1,698,874	1,549,850	1,698,874
	<u>30,254,845</u>	<u>30,748,079</u>	<u>30,406,587</u>
Current Assets			
Inventories	476,595	439,245	442,923
Trade and other receivables	1,043,673	937,872	868,765
Taxation recoverable	39,379	20,529	30,482
Short term investments	8,988,314	6,453,529	9,077,893
Cash and bank	499,079	374,452	480,393
	<u>11,047,040</u>	<u>8,225,627</u>	<u>10,900,456</u>
Total Assets	<u>41,301,885</u>	<u>38,973,706</u>	<u>41,307,043</u>
EQUITY			
Stockholders' Equity			
Share capital	1,975,804	2,043,744	1,970,228
Capital reserves	18,942,252	19,017,169	18,939,107
Asset replacement/rehabilitation and depreciation reserves	217,130	216,813	217,024
Retained earnings	14,509,317	11,961,041	13,841,920
	<u>35,644,503</u>	<u>33,238,767</u>	<u>34,968,279</u>
Minority Interest	<u>279,268</u>	<u>228,575</u>	<u>271,054</u>
	<u>35,923,771</u>	<u>33,467,342</u>	<u>35,239,333</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	1,353,338	1,226,013	1,488,669
Lease liability	54,235	81,617	72,927
Deferred income tax liabilities	1,695,155	1,634,053	1,700,180
Retirement benefit obligations	396,749	384,517	396,749
	<u>3,499,477</u>	<u>3,326,200</u>	<u>3,658,525</u>
Current Liabilities			
Trade and other payables	1,273,669	1,638,808	1,668,673
Taxation	7,683	16,740	137,289
Borrowings	552,442	438,988	557,997
Current portion of lease/longterm liability	44,843	85,628	45,226
	<u>1,878,637</u>	<u>2,180,164</u>	<u>2,409,185</u>
Total Equity and Liabilities	<u>41,301,885</u>	<u>38,973,706</u>	<u>41,307,043</u>

Approved for issue by the Board of Directors on 12 May 2022 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 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the company											
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total	Minority Interest	Total Equity					
			\$'000					\$'000	\$'000	\$'000	\$'000	\$'000
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 period	-	-	-	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					
Balance at 1 January 2022	1,970,228	18,939,107	217,024	13,841,920	34,968,279	271,054	35,239,333					
Profit for the period	-	-	-	670,648	670,648	8,214	678,862					
	-	-	-	670,648	670,648	8,214	678,862					
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	106	(106)	-	-	-					
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	3,145	(3,145)	-	-	-					
Transfer from asset replacement/rehabilitation and depreciation reserves	-	3,145	(3,145)	-	-	-	-					
Transactions with owners:												
Sale of treasury shares	5,576	-	-	-	5,576	-	5,576					
Balance at 31 March 2022	1,975,804	18,942,252	217,130	14,509,317	35,644,503	279,268	35,923,771					

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Three Months Ended 31 March 2022
(expressed in Jamaican dollars unless otherwise indicated)

	March 2022 \$'000	March 2021 \$'000
Cash Provided from Operating Activities		
Net Profit	678,862	560,253
Adjustments for:		
Amortisation	7,551	8,000
Depreciation	233,056	219,849
Net foreign exchange loss/ (gain)	3,014	(68,320)
Interest Income	(83,091)	(51,637)
Finance costs	27,052	35,757
Taxation	90,509	84,713
	<u>956,953</u>	<u>788,615</u>
Changes in operating assets and liabilities:		
Inventories	(33,672)	(25,393)
Trade and other receivables	(174,706)	(198,300)
Trade and other payables	134,354	783,403
Cash provided by operations	<u>882,929</u>	<u>1,348,325</u>
Tax paid	(222,614)	(179,786)
Net cash provided by operating activities	<u>660,315</u>	<u>1,168,539</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(95,788)	(799,831)
Short term investments with maturities in excess of three months	-	(73,991)
Interest received	85,343	51,260
Cash used in investing activities	<u>(10,445)</u>	<u>(822,562)</u>
Cash Flows from Financing Activities		
Dividends paid	(529,358)	(493,318)
Sale of treasury shares	5,576	-
Lease payment made	(24,448)	(23,245)
Loans received	-	100,000
Loans repaid	(140,882)	(120,546)
Interest paid	(25,291)	(21,570)
Net cash used by financing activities	<u>(714,403)</u>	<u>(558,679)</u>
Net decrease in cash and cash equivalents	(64,533)	(212,702)
Net cash and cash equivalents at beginning of period	9,558,286	6,793,720
Exchange adjustment on foreign currency cash and cash equivalents	(6,360)	32,203
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>9,487,393</u>	<u>6,613,221</u>
Comprising:		
Cash and bank	499,079	374,452
Short term investments	8,988,314	6,453,529
Cash and Cash Equivalents at End of Period	<u>9,487,393</u>	<u>6,827,981</u>
Short term investments with maturities in excess of three months	-	(214,760)
Total Cash and Bank and Short Term Investments	<u>9,487,393</u>	<u>6,613,221</u>

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months Ended 31 March 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,619,252	626,725	-	2,245,977
Operating revenue from segments	188,936	46,354	(235,290)	-
Total revenue	1,808,188	673,079	(235,290)	2,245,977
Operating profit	626,194	173,243	-	799,437
Foreign exchange (losses)/ gains	(3,018)	4	-	(3,014)
Finance costs	(23,085)	(24,142)	20,175	(27,052)
Profit before income tax				769,371
Income tax expense				(90,509)
Profit before non-controlling interest				678,862
Non-controlling interest				(8,214)
Net profit attributable to equity holders of the company				670,648
Segment assets	33,783,921	7,024,696	(1,247,028)	39,561,589
Unallocated assets				1,740,296
Total assets				41,301,885
Segment liabilities	3,526,842	881,850	(1,130,165)	3,278,527
Unallocated liabilities				2,099,587
Total liabilities				5,378,114
Other segment items:				
Interest income	81,913	11,130	(9,952)	83,091
Capital expenditure	95,448	340	-	95,788
Depreciation & Amortization	207,016	50,527	(16,936)	240,607

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	1,251,948	598,769	-	1,850,717
Operating revenue from segments	124,664	55,046	(179,710)	-
Total revenue	1,376,612	653,815	(179,710)	1,850,717
Profit from operations	441,407	170,996	-	612,403
Foreign exchange gains	57,432	10,888	-	68,320
Finance costs	(22,689)	(31,534)	18,466	(35,757)
Profit before income tax				644,966
Income tax expense				(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	31,534,582	7,138,223	(1,278,412)	37,394,393
Unallocated assets				1,579,313
Total assets				38,973,706
Segment liabilities	3,491,586	1,143,458	(1,163,990)	3,471,054
Unallocated liabilities				2,035,310
Total liabilities				5,506,364
Other segment items:				
Interest income	53,618	7,971	(9,952)	51,637
Capital expenditure	799,831	-	-	799,831
Depreciation & Amortisation	184,869	42,980	-	227,849

*The comparative information has been restated to conform with the current year segment allocation. The impact of the restatement did not result in any amendments to the Group totals.

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) For Three Months ended 31 March 2022

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 2022 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 2021.

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 2022

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% (2021 – 12.5%) for the parent and 12.5% or 25% (2021- 12.5% or 25%) for subsidiaries.

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.

The Group has restructured its operations to greater align the entities with the core activities within the defined segments. This has resulted in a reallocation of revenue and administrative costs to the logistics segment from terminal. Comparable adjustments have been made to the prior year performance.

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.

KINGSTON WHARVES LIMITED

TOP TEN SHAREHOLDERS AT MARCH 31, 2022

NAMES	SHAREHOLDING	% OF CAPITAL
JAMAICA PRODUCERS GROUP LTD	601,184,005	42.03
S.B.D. LLC	300,689,810	21.02
KINGSTON PORTWORKERS SUPERANNUATION FUND	127,373,293	8.91
SAJE LOGISTICS INFRASTRUCTURE LIMITED	122,226,027	8.55
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
GUARDIAN LIFE LIMITED	21,344,844	1.49
NCB INSURANCE CO LTD. - AC WT 181	9,000,000	0.63
SEAFREIGHT LINE LTD	6,029,108	0.42
	1,317,677,652	92.13
	JCSD	3,549
	MAIN REGISTER	1,216
NO. OF SHAREHOLDERS AT MARCH 31, 2022	TOTAL	4,765

KINGSTON WHARVES LIMITED

DIRECTORS' SHAREHOLDINGS AT MARCH 31, 2022

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	68,125,418 122,226,027 4,277,776	194,629,221
JEFFREY HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	601,184,005 122,226,027	723,410,032
MARSHALL HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED	601,184,005	601,184,005
ROGER HINDS	NIL	TRANSOCEAN SHIPPING LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	1,481,481 122,226,027	123,707,508
CHARLES JOHNSTON	57,160	JAMAICA FRUIT & SHIPPING LIMITED JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	381,068 601,184,005 122,226,027	723,848,260
CHARMAINE MARAGH	NIL	LANNAMAN & MORRIS SHIPPING LTD.	28,845,258	28,845,258
KATHLEEN MOSS	2,000	JAMAICA PRODUCERS GROUP LIMITED	601,184,005	601,186,005
ROBERT SCAVONE	NIL			NIL
GRANTLEY STEPHENSON	193,981	SAJE LOGISTICS INFRASTRUCTURE LIMITED	122,226,027	122,420,008
DORIAN VALDES	NIL			NIL
MARK WILLIAMS	215,200			215,200

KINGSTON WHARVES LIMITED**SENIOR MANAGERS' SHAREHOLDINGS AT MARCH 31, 2022**

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	70,000	-	-	70,000
STEPHAN MORRISON	NIL	-	-	NIL
CAPTAIN GEORGE REYNOLDS	NIL	-	-	NIL
DENISE WALCOTT-SAMUELS	NIL	-	-	NIL