



KINGSTON WHARVES LIMITED

INTERIM STOCKHOLDERS REPORT
FOR THE NINE-MONTH PERIOD
ENDED SEPTEMBER 30, 2022



Chairman's Statement

For the nine-month period ended September 30, 2022, KWL achieved consolidated revenues of \$7 billion, a 14% or \$869 million increase over the corresponding period in 2021. Net profit attributable to shareholders of \$2 billion decreased by 0.6% relative to the prior year. For the three-month period, the Group achieved consolidated revenues of \$2.45 billion, a 10% or \$223 million increase over the corresponding period in 2021. Net profit attributable to shareholders of \$820 million was also up 7% relative to the prior year. Earnings per share for the quarter was 57.36 cents compared to 53.48 cents in prior year.

Terminal Operations

The Terminal Operations Division generated operating revenue of \$5.6 billion for the nine-month period, an increase of 16% over the corresponding period of the prior year. Divisional operating profits increased by 19% from \$1.6 billion to \$1.9 billion.

The Division is the larger segment of the Group, contributing 70% of revenues. The improved

performance in this division was driven by the continued increase in the company's transshipment container and motor unit business.

The strong YTD results demonstrate KWL's competitiveness for shipping lines and cargo owners that seek to move cargo throughout the region. KWL will continue to invest in this business line to expand the capacity of its multi-purpose terminal and to drive long-term improvement in operating efficiency.

Logistics Services

The KWL Logistics Services Division generated revenues of \$2.1 billion, an increase of 10% over the prior year. Divisional operating profits decreased by 22% relative to 2021 from \$734 million to \$572 million. The reduction in divisional operating profits was impacted by a loss of \$85 million incurred from the demolition of a building for the purpose of increasing storage capacity and operating efficiencies. The operating performance was affected by

inflationary increases in operating costs, together with a reallocation of administrative expenses which was previously accounted for in the terminal segment.

KW Logistics has positioned itself to lead on receipt, warehousing and delivery of cargo

for the domestic and regional markets. We benefit from ongoing investment in personnel, modern purpose built logistics facilities, and integrated information technology platforms for cargo tracking, inventory control, and handling.

Outlook

Kingston Wharves is maintaining a positive outlook, despite persistent challenges in the macroeconomic environment. Global shocks including high energy cost, high inflation, foreign exchange volatility and tightening monetary policy in several economies, continue to impact global economic recovery.

Kingston Wharves is well placed to capitalize on the increased business confidence in Jamaica and the growing international demand for shipping and logistics services from manufacturers and distributors who are diversifying their supply chains in response to the global shocks of the last three years. The Group is leveraging its expertise to meet the demand of the marketplace, and its services as a global motor vehicle transshipment hub and a regional hub for containerized cargo remain in high demand.

Our position will be further strengthened by the capital development works to our terminal facilities, warehousing and motor vehicle management infrastructure currently underway. Enhanced investment in digital solutions and human resource are also part of our strategic push to build capacity and boost competitiveness. KWL's diversified service offering and cargo types continue to be a major strength of our business.

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)
Nine Months Ended 30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 30/09/2022 \$'000	3 Months to 30/09/2021 \$'000	9 Months to 30/09/2022 \$'000	9 Months to 30/09/2021 \$'000
Revenue	2,445,656	2,222,263	7,005,888	6,137,087
Cost of sales	(1,267,006)	(1,059,711)	(3,620,255)	(3,045,715)
Gross Profit	1,178,650	1,162,552	3,385,633	3,091,372
Other operating income	135,544	53,219	155,789	316,716
Administrative expenses	(334,768)	(289,872)	(1,092,499)	(899,032)
Operating Profit	979,426	925,899	2,448,923	2,509,056
Finance costs	(25,376)	(20,550)	(82,140)	(90,239)
Profit Before Taxation	954,050	905,349	2,366,783	2,418,817
Taxation	(117,325)	(127,151)	(303,748)	(342,429)
Net Profit for the Period	836,725	778,198	2,063,035	2,076,388
Net Profit Attributable to:				
Equity holders of the company	820,327	764,803	2,032,150	2,039,228
Minority interest	16,398	13,395	30,885	37,160
	836,725	778,198	2,063,035	2,076,388
EARNINGS PER STOCK UNIT				
attributable to the stockholders of the company				
expressed in cents per share				
Based on stock units in issue	57.36	53.48	142.09	142.58
After exclusion of stock units held by ESOP	57.37	53.49	142.13	142.62

Kingston Wharves Limited**Consolidated Statement of Comprehensive Income (Unaudited)****Nine Months Ended 30 September 2022***(expressed in Jamaican dollars unless otherwise indicated)*

	3 Months to 30/09/2022 \$'000	3 Months to 30/09/2021 \$'000	9 Months to 30/09/2022 \$'000	9 Months to 30/09/2021 \$'000
Net Profit for the Period	836,725	778,198	2,063,035	2,076,388
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	836,725	778,198	2,063,035	2,185,054
Total Comprehensive Income Attributable to:				
Equity holders of the company	820,327	764,803	2,032,150	2,147,894
Minority interest	16,398	13,395	30,885	37,160
	836,725	778,198	2,063,035	2,185,054


Kingston Wharves Limited
Consolidated Statement of Financial Position (Unaudited)
As At 30 September 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Sep-22 \$ '000	Sep-21 \$ '000	Audited Dec-21 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	28,304,947	27,682,962	27,510,200
Right of Use Asset	60,450	126,396	109,909
Investment Property	546,844	554,762	552,783
Intangible asset	53,742	76,015	76,439
Financial assets at fair value through other comprehensive income	449,617	537,111	449,617
Deferred income tax assets	2,300	9,391	8,765
Retirement benefit asset	1,698,874	1,549,850	1,698,874
	<u>31,116,774</u>	<u>30,536,487</u>	<u>30,406,587</u>
Current Assets			
Inventories	496,833	446,990	442,923
Trade and other receivables	937,247	875,926	868,765
Taxation recoverable	113,955	25,016	30,482
Short term investments	8,777,807	7,769,985	9,077,893
Cash and bank	702,059	589,194	480,393
	<u>11,027,901</u>	<u>9,707,111</u>	<u>10,900,456</u>
Total Assets	<u>42,144,675</u>	<u>40,243,598</u>	<u>41,307,043</u>
EQUITY			
Stockholders' Equity			
Share capital	1,976,298	2,043,744	1,970,228
Capital reserves	18,948,541	19,023,458	18,939,107
Asset replacement/rehabilitation and depreciation reserves	217,385	216,921	217,024
Retained earnings	15,521,025	13,117,157	13,841,920
	<u>36,663,249</u>	<u>34,401,280</u>	<u>34,968,279</u>
Minority Interest	<u>301,939</u>	<u>253,251</u>	<u>271,054</u>
	<u>36,965,188</u>	<u>34,654,531</u>	<u>35,239,333</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	1,121,961	1,624,001	1,488,669
Lease liability	17,936	43,190	72,927
Deferred income tax liabilities	1,661,171	1,627,552	1,700,180
Retirement benefit obligations	396,749	384,517	396,749
	<u>3,197,817</u>	<u>3,679,260</u>	<u>3,658,525</u>
Current Liabilities			
Trade and other payables	1,412,528	1,126,472	1,668,673
Taxation	23,093	133,767	137,289
Borrowings	502,045	563,553	557,997
Current portion of lease/longterm liability	44,004	86,015	45,226
	<u>1,981,670</u>	<u>1,909,807</u>	<u>2,409,185</u>
Total Equity and Liabilities	<u>42,144,675</u>	<u>40,243,598</u>	<u>41,307,043</u>

Approved for issue by the Board of Directors on 10 November 2022 and signed on its behalf by:


 Jeffrey Hall Chairman


 Mark Williams Director

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Nine Months Ended 30 September 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				
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	-	-	-	2,039,228	2,039,228	37,160	2,076,388	
Other comprehensive income	-	108,666	-	-	108,666	-	108,666	
	-	108,666	-	2,039,228	2,147,894	37,160	2,185,054	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	160	(160)	-	-	-	
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	9,435	(9,435)	-	-	-	
Transfer from asset replacement/rehabilitation and depreciation reserves	-	9,435	(9,435)	-	-	-	-	
Transactions with owners:								
Dividends	-	-	-	(328,946)	(328,946)	-	(328,946)	
Balance at 30 September 2021	2,043,744	19,023,458	216,921	13,117,157	34,401,280	253,251	34,654,531	
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	-	-	-	2,032,150	2,032,150	30,885	2,063,035	
	-	-	-	2,032,150	2,032,150	30,885	2,063,035	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	361	(361)	-	-	-	
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	9,434	(9,434)	-	-	-	
Transfer from asset replacement/rehabilitation and depreciation reserves	-	9,434	(9,434)	-	-	-	-	
Transactions with owners:								
Sale of treasury shares	6,070	-	-	-	6,070	-	6,070	
Dividends	-	-	-	(343,250)	(343,250)	-	(343,250)	
Balance at 30 September 2022	1,976,298	18,948,541	217,385	15,521,025	36,663,249	301,939	36,965,188	

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Nine Months Ended 30 September 2022

(expressed in Jamaican dollars unless otherwise indicated)

	September 2022 \$'000	September 2021 \$'000
Cash Provided from Operating Activities		
Net Profit	2,063,035	2,076,388
Adjustments for:		
Amortisation	22,697	23,999
Depreciation	699,701	649,247
Net foreign exchange loss/ (gain)	67,786	(145,402)
Loss/(gain) on disposal of property, plant & equipment	88,031	(1,367)
Interest Income	(293,531)	(169,947)
Finance costs	82,140	90,239
Taxation	303,748	342,429
	<u>3,033,607</u>	<u>2,865,586</u>
Changes in operating assets and liabilities:		
Inventories	(53,910)	(33,138)
Trade and other receivables	(68,482)	(136,354)
Trade and other payables	273,212	183,496
Cash provided by operations	<u>3,184,427</u>	<u>2,879,590</u>
Tax paid	(515,665)	(283,610)
Net cash provided by operating activities	<u>2,668,762</u>	<u>2,595,980</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,527,080)	(1,033,193)
Proceeds from sale of property plant and equipment	-	1,367
Short term investments with maturities in excess of three months	-	(618,251)
Interest received	283,432	155,436
Cash used in investing activities	<u>(1,243,648)</u>	<u>(1,494,641)</u>
Cash Flows from Financing Activities		
Dividends paid	(872,608)	(814,693)
Sale of treasury shares	6,070	-
Lease payment made	(72,757)	(70,775)
Loans received	-	850,000
Loans repaid	(422,660)	(343,193)
Interest paid	(73,921)	(58,724)
Net cash used in financing activities	<u>(1,435,876)</u>	<u>(437,385)</u>
Net (decrease)/Increase in cash and cash equivalents	(10,762)	663,954
Net cash and cash equivalents at beginning of period	9,558,286	6,793,720
Exchange adjustment on foreign currency cash and cash equivalents	(67,658)	150,658
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>9,479,866</u>	<u>7,608,332</u>
Comprising:		
Cash and bank	702,059	589,194
Short term investments	8,777,807	7,019,138
Cash and Cash Equivalents at End of Period	<u>9,479,866</u>	<u>7,608,332</u>
Short term investments with maturities in excess of three months	-	750,847
Total Cash and Bank and Short Term Investments	<u>9,479,866</u>	<u>8,359,179</u>

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Nine Months Ended 30 September 2022
(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	4,979,788	2,026,100	-	7,005,888
Operating revenue from segments	617,549	138,919	(756,468)	-
Total revenue	5,597,337	2,165,019	(756,468)	7,005,888
Operating profit	1,944,447	572,262	-	2,516,709
Foreign exchange losses	(62,935)	(4,851)	-	(67,786)
Finance costs	(68,167)	(73,303)	59,330	(82,140)
Profit before income tax				2,366,783
Income tax expense				(303,748)
Profit before non-controlling interest				2,063,035
Non-controlling interest				(30,885)
Net profit attributable to equity holders of the company				2,032,150
Segment assets	34,517,777	7,370,884	(1,559,116)	40,329,545
Unallocated assets				1,815,130
Total assets				42,144,675
Segment liabilities	3,498,739	1,029,991	(1,430,257)	3,098,473
Unallocated liabilities				2,081,014
Total liabilities				5,179,487
Other segment items:				
Interest income	285,015	39,379	(29,893)	294,501
Capital expenditure	1,469,340	57,740	-	1,527,080
Depreciation & Amortization	537,721	235,868	(51,191)	722,398

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Nine Months Ended 30 September 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations *	Logistics Services *	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	4,261,789	1,875,298	-	6,137,087
Operating revenue from segments	551,198	84,241	(635,439)	-
Total revenue	4,812,987	1,959,539	(635,439)	6,137,087
Profit from operations	1,629,356	734,298	-	2,363,654
Foreign exchange gains	115,907	29,495	-	145,402
Finance costs	(87,019)	(62,036)	58,816	(90,239)
Profit before income tax				2,418,817
Income tax expense				(342,429)
Profit before non-controlling interest				2,076,388
Non-controlling interest				(37,160)
Net profit attributable to equity holders of the company				2,039,228
Segment assets	32,976,180	6,866,427	(1,183,266)	38,659,341
Unallocated assets				1,584,257
Total assets				40,243,598
Segment liabilities	3,682,191	815,447	(1,068,844)	3,428,794
Unallocated liabilities				2,160,273
Total liabilities				5,589,067
Other segment items:				
Interest income	173,902	25,935	(29,893)	169,944
Capital expenditure	1,026,354	6,839	-	1,033,193
Depreciation & Amortisation	594,374	129,679	(50,808)	673,245

*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 Nine Months ended 30 September 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 30 September 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 Nine Months ended 30 September 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.

A building which was included in the Logistics segment of the business was demolished in July 2022 for the purpose of increasing storage capacity and operating efficiencies. The loss incurred on the demolition amounted to \$85 million.

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.

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) For Nine Months ended 30 September 2022

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 SEPTEMBER 30, 2022

NAMES	SHAREHOLDING	% OF CAPITAL
JAMAICA PRODUCERS GROUP LTD	601,184,005	42.03
S.B.D. LLC	300,689,810	21.02
KINGSTON PORTWORKERS SUPERANNUATION FUND	123,844,292	8.66
SAJE LOGISTICS INFRASTRUCTURE LIMITED	113,205,689	7.92
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	21,844,844	1.53
PANJAM INVESTMENT LIMITED	11,064,715	0.77
NCB INSURANCE CO LTD. - A/C WT 181	9,000,000	0.63
	1,310,663,920	91.64
	JCSD	3,668
	MAIN REGISTER	1,213
NO. OF SHAREHOLDERS AT SEPTEMBER 30, 2022	TOTAL	4,881

KINGSTON WHARVES LIMITED

DIRECTORS' SHAREHOLDINGS AT SEPTEMBER 30, 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	68,125,418 113,205,689 4,277,776	185,608,883
JEFFREY HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	601,184,005 113,205,689	714,389,694
MARSHALL HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED	601,184,005	601,184,005
ROGER HINDS	NIL	TRANSOCEAN SHIPPING LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	1,481,481 113,205,689	114,687,170
CHARLES JOHNSTON	57,160	JAMAICA FRUIT & SHIPPING LIMITED JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	381,068 601,184,005 113,205,689	714,827,922
CHARMAINE MARAGH	NIL	LANNAMAN & MORRIS SHIPPING LTD.	28,845,258	28,845,258
KATHLEEN MOSS	2,000	JAMAICA PRODUCERS GROUP LIMITED PANJAM INVESTMENT LIMITED	601,184,005 11,064,715	612,250,720
ROBERT SCAVONE	NIL			NIL
GRANTLEY STEPHENSON	194,981	SAJE LOGISTICS INFRASTRUCTURE LIMITED	113,205,689	113,400,670
DORIAN VALDES	NIL			NIL
MARK WILLIAMS	267,888			267,888

KINGSTON WHARVES LIMITED**SENIOR MANAGERS' SHAREHOLDINGS AT SEPTEMBER 30, 2022**

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
VALRIE CAMPBELL	35,723	-	-	35,723
LANCELOT GREEN	3,900	-	-	3,900
FRANCES MIGHTY-HUTCHINSON	NIL	-	-	NIL
CLOVER MOODIE	76,000	-	-	76,000
STEPHAN MORRISON	NIL	-	-	NIL
CAPTAIN GEORGE REYNOLDS	NIL	-	-	NIL
DENISE WALCOTT-SAMUELS	NIL	-	-	NIL