



KINGSTON WHARVES LIMITED

INTERIM STOCKHOLDERS REPORT
UNAUDITED GROUP RESULTS FOR THE
3 MONTHS ENDED 31ST MARCH 2024



Chairman's Statement

For the three-month period ended March 31, 2024, KWL achieved consolidated revenues of \$2.6 billion, a 12% or \$281 million increase over the corresponding period in 2023. Net profit attributable to shareholders of \$716 million increased by 5% or \$32 million relative to the prior year. Earnings per share for the quarter was 50.08 cents compared to 47.81 cents in the prior year.

Terminal Operations

The Terminal Operations Division generated revenue of \$1.8 billion for the three-month period ended March 31, 2024. Revenues were flat compared to the corresponding period of the prior year. Divisional operating profits decreased by 12% from \$574 million in the prior year to \$505 million. The reduction in operating profits is primarily attributable to an increase in depreciation charges and expenses in connection with the commissioning of infrastructure projects that will give the terminal the capacity for increased throughput and ensure its resilience over the long term. These costs also reflect the impact of inflation on asset values and operating costs. With global trading volumes being generally affected by increased economic uncertainty and higher interest rates, we elected to delay passing on the full effect of the increased costs to customers.

The Terminal Operations Division is the larger segment of the Group, contributing over 60% of revenues. The performance of this division is directly affected by the level of regional and domestic economic activity. Although underlying economic conditions have been varied, the diverse range of services and categories of cargo handled by our multipurpose terminal have allowed for relative stability in the division's results.

Logistics Services

The Logistics Services Division generated revenues of \$990 million for the three-month period, an increase of 33% or \$248 million over the prior year. Operating profits for the division rose by 66% compared to 2023, reaching \$375 million from \$226 million. This growth was driven by increased revenues from specialized logistics, and warehousing operations involving full-container-load cargo, motor vehicle handling services and port ancillary services, which benefited from the capital investments and system improvements made to enhance the functionality of our facilities and the competitiveness and efficiency of our services.

KWL continues to improve its service offering to maintain its market leadership on the receipt, handling, warehousing and delivery of logistics cargo for both domestic and regional markets.

Outlook

Kingston Wharves derives significant benefits from its diverse offerings as a multi-user, multi-purpose Caribbean gateway port and logistics service provider. That said, challenges in the global logistics business arising from regulatory changes, global conflict and the level and consistency of trade flows will affect our results. During Q1, we experienced the impact of drought conditions on the volume of trade passing through the Panama Canal on trade routes from Asia to the wider Caribbean region. The impact of relatively high interest rates on the construction sector, and some underlying uncertainty in the tourism market also affected cargo movements to Jamaica. Despite these challenges, we delivered satisfactory results. Berth 7 (one of our nine deep-water berths), has been completely renovated as a modern facility with improved draft and successfully re-integrated into our operations. This US\$30m infrastructure improvement allows us to simultaneously handle a multiplicity of larger vessels. The development improves our transshipment capabilities and sets the stage for future developments in the organization and utilization of our yard space and gate operations, that will in turn increase our capacity and enhance our efficiency. Together with our expertise and strategic location in the Caribbean, these investments will position us to maintain a unique competitive edge as a Caribbean gateway terminal.

Our logistics and warehousing services are on a growth trajectory, and KWL continues to support this opportunity with ongoing investment. Our 130,000 sq. ft. integrated dry, ambient and cold storage facility at Ashenheim Road in Kingston is set to come on stream this year and Kingston Wharves has operationalized KW Logistics as a distinct subsidiary within the Group to spearhead the accelerated growth of this important segment. We are focused on maximising our offerings to local and international freight consolidators, freight-forwarders, manufacturers and distributors who are seeking modern, digitally-supported logistics services, with the accessibility and the benefits of KWL Special Economic Zone.

I take this opportunity to thank the Board for its guidance, the KWL team members for their commitment and our customers and suppliers for their continued support.

Jeffrey Hall
Chairman

Kingston Wharves Limited
Consolidated Income Statement (Unaudited)
Three Months Ended 31 March 2024
(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 31/03/2024 \$'000	3 Months to 31/03/2023 \$'000
Revenue	2,570,663	2,289,944
Cost of sales	(1,417,859)	(1,192,603)
Gross Profit	1,152,804	1,097,341
Other operating income	144,506	146,860
Administrative expenses	(424,482)	(410,071)
Operating Profit	872,828	834,130
Finance costs	(34,764)	(26,853)
Profit Before Taxation	838,064	807,277
Taxation	(91,836)	(116,195)
Net Profit for the Period	746,228	691,082
Total Comprehensive Income	746,228	691,082
Total Comprehensive Income Attributable to:		
Equity holders of the company	716,009	683,536
Minority interest	30,219	7,546
	746,228	691,082
EARNINGS PER STOCK UNIT		
attributable to the stockholders of the company expressed in cents per share		
Based on stock units in issue	50.06	47.79
After exclusion of stock units held by ESOP	50.08	47.81

Kingston Wharves Limited
Consolidated Statement of Financial Position (Unaudited)
As At 31 March 2024


(expressed in Jamaican dollars unless otherwise indicated)

	Mar-24 \$ '000	Mar-23 \$ '000	Audited Dec-23 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	42,829,457	30,726,802	42,253,040
Right of Use Asset	415,862	27,477	428,215
Investment Property	534,966	542,885	536,947
Intangible asset	36,266	39,654	41,309
Financial assets at fair value through other comprehensive income	449,617	449,617	449,617
Deferred income tax assets	863	1,849	863
Retirement benefit asset	1,530,336	558,899	1,530,336
	<u>45,797,367</u>	<u>32,347,183</u>	<u>45,240,327</u>
Current Assets			
Inventories	645,023	585,951	653,280
Trade and other receivables	1,545,980	1,125,756	921,686
Taxation recoverable	137,744	92,644	181,941
Short term investments	9,732,525	8,298,566	11,161,669
Cash and bank	863,714	691,666	923,480
	<u>12,924,986</u>	<u>10,794,583</u>	<u>13,842,056</u>
Total Assets	<u>58,722,353</u>	<u>43,141,766</u>	<u>59,082,383</u>
EQUITY			
Stockholders' Equity			
Share capital	1,481,237	1,977,548	1,477,190
Capital reserves	26,792,008	18,954,831	26,788,863
Asset replacement/rehabilitation and depreciation reserves	218,666	217,786	218,443
Retained earnings	18,305,186	15,362,193	17,592,545
	<u>46,797,097</u>	<u>36,512,358</u>	<u>46,077,041</u>
Minority Interest	421,218	323,043	390,999
	<u>47,218,315</u>	<u>36,835,401</u>	<u>46,468,040</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	6,378,708	2,059,251	6,474,054
Lease liability	442,463	-	457,573
Deferred income tax liabilities	1,687,518	1,541,688	1,667,645
Retirement benefit obligations	327,717	258,749	327,717
	<u>8,836,406</u>	<u>3,859,688</u>	<u>8,926,989</u>
Current Liabilities			
Trade and other payables	1,907,908	1,642,899	2,778,180
Taxation	31,917	4,532	164,103
Borrowings	684,666	772,981	701,930
Current portion of lease/longterm liability	43,141	26,265	43,141
	<u>2,667,632</u>	<u>2,446,677</u>	<u>3,687,354</u>
Total Equity and Liabilities	<u>58,722,353</u>	<u>43,141,766</u>	<u>59,082,383</u>

Approved for issue by the Board of Directors on 9 May 2024 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 2024
(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 2023	1,976,298	18,951,686	217,577	14,682,011	35,827,572	315,497	36,143,069	
Profit for the period	-	-	-	683,536	683,536	7,546	691,082	
	-	-	-	683,536	683,536	7,546	691,082	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	209	(209)	-	-	-	
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	1,250	-	-	-	1,250	-	1,250	
Dividends	-	-	-	-	-	-	-	
Balance at 31 March 2023	1,977,548	18,954,831	217,786	15,362,193	36,512,358	323,043	36,835,401	
Balance at 1 January 2024	1,477,190	26,788,863	218,443	17,592,545	46,077,041	390,999	46,468,040	
Profit for the period	-	-	-	716,009	716,009	30,219	746,228	
	-	-	-	716,009	716,009	30,219	746,228	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	223	(223)	-	-	-	
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	4,047	-	-	-	4,047	-	4,047	
Balance at 31 March 2024	1,481,237	26,792,008	218,666	18,305,186	46,797,097	421,218	47,218,315	

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Three Months Ended 31 March 2024

(expressed in Jamaican dollars unless otherwise indicated)

	March 2024 \$'000	March 2023 \$'000
Cash Provided from Operating Activities		
Net Profit	746,228	691,082
Adjustments for:		
Amortisation	5,048	6,567
Depreciation	287,194	225,412
Net foreign exchange (gain)/loss	6,809	(33,553)
Gain on disposal of property, plant & equipment	-	(413)
Interest Income	(151,315)	(102,105)
Finance costs	34,764	27,160
Taxation	91,836	116,195
	<u>1,020,564</u>	<u>930,345</u>
Changes in operating assets and liabilities:		
Inventories	8,257	(13,171)
Trade and other receivables	(624,294)	(283,820)
Trade and other payables	(263,942)	93,159
Cash provided by operations	<u>140,585</u>	<u>726,513</u>
Tax paid	(170,782)	(198,074)
Net cash (used in)/provided by operating activities	<u>(30,197)</u>	<u>528,439</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(849,279)	(1,634,144)
Proceeds from sale of property plant and equipment	-	413
Interest received	163,420	117,495
Cash used in investing activities	<u>(685,859)</u>	<u>(1,516,236)</u>
Cash Flows from Financing Activities		
Dividends paid	(606,300)	(615,507)
Sale of treasury shares	4,047	1,250
Lease payment made	(24,121)	(24,121)
Loans received	-	490,000
Loans repaid	(112,611)	(146,442)
Interest paid	(26,620)	(27,466)
Net cash used in financing activities	<u>(765,605)</u>	<u>(322,286)</u>
Net decrease in cash and cash equivalents	(1,481,661)	(1,310,083)
Net cash and cash equivalents at beginning of period	12,085,149	10,275,790
Exchange adjustment on foreign currency cash and cash equivalents	(7,249)	24,525
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>10,596,239</u>	<u>8,990,232</u>
Comprising:		
Cash and bank	863,714	691,666
Short term investments	9,732,525	8,298,566
Cash and Cash Equivalents at End of Period	<u>10,596,239</u>	<u>8,990,232</u>

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months Ended 31 March 2024

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,641,916	928,747	-	2,570,663
Operating revenue from segments	144,872	61,842	(206,714)	-
Total revenue	1,786,788	990,589	(206,714)	2,570,663
Operating profit	505,035	374,602	-	879,637
Foreign exchange losses	(860)	(5,949)	-	(6,809)
Finance costs	(32,888)	(23,110)	21,234	(34,764)
Profit before income tax				838,064
Income tax expense				(91,836)
Profit before non-controlling interest				746,228
Non-controlling interest				(30,219)
Net profit attributable to equity holders of the company				716,009
Segment assets	41,888,520	16,545,303	(1,380,412)	57,053,411
Unallocated assets				1,668,942
Total assets				58,722,353
Segment liabilities	5,906,811	4,801,659	(1,251,554)	9,456,916
Unallocated liabilities				2,047,122
Total liabilities				11,504,038
Other segment items:				
Interest income	142,046	27,470	(18,201)	151,315
Capital expenditure	333,904	515,375	-	849,279
Depreciation & Amortization	214,442	94,576	(16,776)	292,242

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months Ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,601,761	688,183	-	2,289,944
Operating revenue from segments	194,698	54,787	(249,485)	-
Total revenue	1,796,459	742,970	(249,485)	2,289,944
Profit from operations	574,470	226,106	-	800,576
Foreign exchange gains	20,801	12,753	-	33,554
Finance costs	(23,017)	(23,037)	19,201	(26,853)
Profit before income tax				807,277
Income tax expense				(116,195)
Profit before non-controlling interest				691,082
Non-controlling interest				(7,546)
Net profit attributable to equity holders of the company				683,536
Segment assets	36,380,285	7,219,013	(1,110,925)	42,488,373
Unallocated assets				653,393
Total assets				43,141,766
Segment liabilities	4,754,317	729,144	(982,065)	4,501,396
Unallocated liabilities				1,804,969
Total liabilities				6,306,365
Other segment items:				
Interest income	93,626	18,456	(9,977)	102,105
Capital expenditure	654,839	979,305	-	1,634,144
Depreciation & Amortization	171,200	78,289	(17,510)	231,979

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) For Three Months ended 31 March 2024

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 2024 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 2023.

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 2024

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. An extension of a leasehold arrangement resulted in an increase in the value of the right of use asset and associated lease liability as at 31 December 2023.

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% (2023 – 12.5%) for the parent and 12.5% or 25% (2023- 12.5% or 25%) for subsidiaries.

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) For Three Months ended 31 March 2024

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 segments 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 cargo terminal and the stevedoring of vessels.
- (b) Logistics Services - This incorporates the provision of logistics facilities, port security services and rental of warehouses and other properties.

11. Employee Share Ownership Trust

The company has an Employee Share Ownership Trust (the 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. During 2023 the Trust acquired 17,646,703 additional shares at a fair value of \$500 million.

KINGSTON WHARVES LIMITED

TOP TEN SHAREHOLDERS AT MARCH 31, 2024

NAMES	SHAREHOLDING	% OF CAPITAL
JP GLOBAL HOLDINGS LIMITED	601,184,005	42.03
S.B.D. LLC	300,689,810	21.02
KINGSTON PORTWORKERS SUPERANNUATION FUND	97,302,640	6.80
SAJE LOGISTICS INFRASTRUCTURE LIMITED	85,117,183	5.95
MARITIME & TRANSPORT SERVICES LTD	68,125,418	4.76
SAGICOR POOLED EQUITY FUND	37,824,010	2.64
LANNAMAN & MORRIS (SHIPPING) LTD	28,845,258	2.02
GUARDIAN LIFE LIMITED	21,844,844	1.53
KWL EMPLOYEE SHARE OWNERSHIP TRUST	20,149,137	1.41
PAN JAMAICA GROUP LIMITED	11,064,715	0.77
	1,272,147,020	88.95
	JCSD	4,054
	MAIN REGISTER	1,210
NO. OF SHAREHOLDERS AT MARCH 31, 2024	TOTAL	5,264

KINGSTON WHARVES LIMITED

DIRECTORS' SHAREHOLDINGS AT MARCH 31, 2024

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
DIRECTORS				
PHILIP ARMSTRONG	NIL		NIL	NIL
BRUCE BRECHEISEN	NIL	S.B.D. LLC	300,689,810	300,689,810
KIM CLARKE	NIL	MARITIME & TRANSPORT SERVICES LTD.	68,125,418	157,520,377
		SAJE LOGISTICS INFRASTRUCTURE LIMITED	85,117,183	
		A.E. PARNELL COMPANY LIMITED	4,277,776	
JEFFREY HALL	NIL	JP GLOBAL HOLDINGS LIMITED	601,184,005	697,365,903
		SAJE LOGISTICS INFRASTRUCTURE LIMITED	85,117,183	
		PAN JAMAICA GROUP LIMITED	11,064,715	
ROGER HINDS	NIL	TRANSOCEAN SHIPPING LIMITED	1,481,481	86,598,664
		SAJE LOGISTICS INFRASTRUCTURE LIMITED	85,117,183	
CHARLES JOHNSTON	57,160	JAMAICA FRUIT & SHIPPING LIMITED	381,068	697,804,131
		JP GLOBAL HOLDINGS LIMITED	601,184,005	
		SAJE LOGISTICS INFRASTRUCTURE LIMITED	85,117,183	
		PAN JAMAICA GROUP LIMITED	11,064,715	
CHARMAINE MARAGH	NIL	LANNAMAN & MORRIS SHIPPING LTD.	28,845,258	28,845,258
KATHLEEN MOSS	2,000	JP GLOBAL HOLDINGS LIMITED	601,184,005	612,250,720
		PAN JAMAICA GROUP LIMITED	11,064,715	
ROBERT SCAVONE	NIL		NIL	NIL
GRANTLEY STEPHENSON	194,981	SAJE LOGISTICS INFRASTRUCTURE LIMITED	85,117,183	85,312,164
DORIAN VALDES	NIL		NIL	NIL
MARK WILLIAMS	387,601		NIL	387,601

KINGSTON WHARVES LIMITED

SENIOR MANAGERS' SHAREHOLDINGS AT MARCH 31, 2024

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
DIANNA BLAKE-BENNETT	NIL	-	-	NIL
VALRIE CAMPBELL	35,723	-	-	35,723
TERRI-ANN GORDON	NIL	-	-	NIL
LANCELOT GREEN	3,900	-	-	3,900
FRANCES MIGHTY-HUTCHINSON	NIL	-	-	NIL
ALFRED MCDONALD	NIL	-	-	NIL
CLOVER MOODIE	76,000	-	-	76,000
STEPHAN MORRISON	NIL	-	-	NIL
RODRIGO OLEA	NIL	-	-	NIL
CAPTAIN GEORGE REYNOLDS	NIL	-	-	NIL
DENISE WALCOTT-SAMUELS	NIL	-	-	NIL