

CHAIRMAN'S REPORT

Unaudited results of the Group for nine months ended 30 September 2009

THE GROUP

The Group's revenues for third quarter totaled \$622.65 million compared to of \$662.06 million for the corresponding quarter in 2008. This represents a fall of \$39.41 million or 5.95%. Factors that impacted the revenue for the period were the 88 thousand tons reduction in the domestic tonnage handled compared to the corresponding period in 2008 and the changes in the cargo mix processed.

Operating Profit for the quarter was \$130.06 million compared to \$141.13 million for the same period in 2008. The contributors to the third quarter's profit were \$97.17 million from the Terminal Operations, \$30.66 million from the Cold Storage and \$10.48 million from Security Operations.

Net profit attributable to stockholders for the third quarter of 2009 was \$43.79 million compared to \$26.58 million achieved for the third quarter of 2008. Earnings per stock unit for the quarter were up from 2.48 cents in the third quarter in 2008 to 4.08 cents. The factors that positively impacted the earnings per stock unit for the quarter were the higher gross profit margin achieved by the terminal operations and the reduced finance cost as a consequence of the a lower effective interest rate.

KINGSTON WHARVES LIMITED

Kingston Wharves Limited (KWL) revenue for the quarter was \$457.36 million (2008: \$493.18), a decrease of \$35.82 million or 7.26% compared to the corresponding year. Operating Profit for the period was \$97.17 million compared with \$102.40 million for the corresponding period in 2008 representing a decrease of \$5.23 million or 5.11%.

HARBOUR COLD STORES LIMITED

Harbour Cold Stores Limited (HCS) revenue fell by \$3.62 million or 4.84% compared to the corresponding period in 2008. Despite the decline in revenue, the Operating Profits for the quarter were \$30.66 million compared to \$27.61 million achieved for the corresponding quarter of 2008. The improvement in profits was achieved as a result of the company getting a new line of business.

Security Administrators Limited (SAL) revenue for the quarter ended September 2009 was \$103.45 million compared to \$104.65 million for the corresponding period in 2008. Operating profit for the quarter was \$10.48 million compared to \$20.68 million for the corresponding quarter in 2008. Reasons for the material variation in the results are, the 2008 results included profit from a short term contract and the company's inability to recover the rate increases granted by the Government of Jamaica from our clients.

OUTLOOK

As the world goes through a period of adjustment and realignment, this has impacted the volume of world trade. Locally factors expected to affect the level of trade in the immediate future includes the stability of the Jamaican dollar, the level of unemployment in the country which is expected to rise, the level of remittances, and the upward creeping oil price. In order to minimize the possible impact of declining volumes, the Group remains committed to cost cutting while ensuring that the service level to our stakeholders is maintained or improved. This commitment has resulted in improved operational efficiencies which we expect to continue benefitting from in the future. Concurrently, the Group has been engaged in greater collaboration with our stakeholders including the Jamaica Customs and our customers in order to make the processes more efficient and cost effective. We are of the opinion that the measures being undertaken along with the concerted marketing efforts should ensure that the Group is well placed to withstand the turbulent times ahead.



Grantley Stephenson - Chairman

Kingston Wharves Limited

Group Profit & Loss Account (Unaudited)

Nine months ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 9/30/2009	9 Months to 9/30/2009	3 Months to 9/30/2008	9 Months to 9/30/2008
Tonnages - Domestic (Berths 1 - 9)	319,516	963,711	407,033	1,445,849
	\$'000	\$'000	\$'000	\$'000
Revenue	622,648	1,877,543	662,065	2,087,315
Cost of sales	(365,050)	(1,048,689)	(398,218)	(1,214,689)
Gross Profit	257,598	828,854	263,847	872,626
Other Operating income	33,148	105,987	34,405	83,108
Administrative expenses	(160,689)	(442,249)	(157,127)	(477,586)
Operating Profit	130,057	492,592	141,125	478,148
Finance costs	(43,239)	(398,505)	(70,188)	(175,833)
Profit before Taxation	86,818	94,087	70,937	302,315
Taxation	(40,703)	(139,827)	(39,761)	(106,845)
Profit/(Loss) for the Period	46,115	(45,740)	31,176	195,470
Attributable to:				
Equity holders of the company	43,786	(52,323)	26,582	188,840
Minority interest	2,329	6,583	4,594	6,630
	46,115	(45,740)	31,176	195,470
Number of Stock Units Issued ('000)	1,072,650	1,072,650	1,072,650	1,072,650
EARNINGS PER STOCK UNIT				
attributable to the stockholders of the company expressed in cents per share	4.08	(4.88)	2.48	17.60

* Net (Loss)/profit represents total comprehensive income for period

Kingston Wharves Limited

Group Balance Sheet

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	30/Sep/09 \$ '000	Audited 31/Dec/08 \$ '000	30/Sep/08 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	10,216,105	10,268,305	7,348,149
Long term receivables	58,626	68,794	29,236
Deferred tax assets	750	1,183	49
Retirement benefit asset	312,355	312,355	303,068
	<u>10,587,836</u>	<u>10,650,637</u>	<u>7,680,502</u>
Current Assets			
Inventories	6,236	6,251	7,136
Related companies	330,625	243,810	255,645
Trade and other receivables	205,107	145,005	174,558
Taxation recoverable	3,777	5,762	2,279
Short term investments	1,011,838	1,127,755	1,115,838
Cash and bank	43,818	54,340	49,473
	<u>1,601,401</u>	<u>1,582,923</u>	<u>1,604,929</u>
Total assets	<u>12,189,237</u>	<u>12,233,560</u>	<u>9,285,431</u>
EQUITY			
Stockholders' Equity			
Share capital	291,648	291,648	291,648
Capital reserves	5,393,721	5,384,287	3,089,331
Asset replacement/rehabilitation and depreciation reserves	214,531	208,588	189,220
Retained earnings	1,336,817	1,404,517	1,476,618
	<u>7,236,717</u>	<u>7,289,040</u>	<u>5,046,817</u>
Minority Interest	39,436	32,853	34,209
	<u>7,276,153</u>	<u>7,321,893</u>	<u>5,081,026</u>
LIABILITIES			
Non-current Liabilities			
Long term loans	2,675,354	2,709,878	2,509,780
Finance lease obligations	-	-	-
Deferred tax liabilities	1,399,312	1,369,312	886,389
Retirement benefit obligations	86,289	86,289	81,909
	<u>4,160,955</u>	<u>4,165,479</u>	<u>3,478,078</u>
Current Liabilities			
Trade and other payables	273,247	250,113	344,629
Related companies	23,247	62,441	9,764
Taxation	31,259	33,258	8,154
Bank overdraft	-	-	-
Current portion of long term loans and finance lease obligations	424,376	400,376	363,780
	<u>752,129</u>	<u>746,188</u>	<u>726,327</u>
Total equity and liabilities	<u>12,189,237</u>	<u>12,233,560</u>	<u>9,285,431</u>

Approved for issue by the Board of Directors on September 14, 2009 and signed on its behalf by:

Grantley St. J. Stephenson Chairman/CEO

Alvin C. Henry Director

Kingston Wharves Limited

Segment Financial Information (Unaudited)

Nine months ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations \$'000	Cold Storage Operations \$'000	Security Operations \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External operating revenue	1,421,684	194,167	261,692	-	-	1,877,543
Operating revenue from segments	1,135	2,611	26,253	1,455	(31,454)	-0.00
Total revenue	1,422,819	196,778	287,945	1,455	(31,454)	1,877,543
Gross profit/(loss)	674,729	86,871	68,618	(1,364)	-	828,854
Other operating income	55,833	64,022	4,736	15,055	(33,659)	105,987
Operating expenses	(321,949)	(72,592)	(43,730)	(19,979)	16,001	(442,249)
Operating profit/(loss)	408,613	78,301	29,624	(6,288)	(17,658)	492,592
Finance cost	-	-	-	-	-	(398,505)
Profit before taxation	-	-	-	-	-	94,087
Taxation	-	-	-	-	-	(139,827)
Profit before minority interest	-	-	-	-	-	(45,740)
Minority Interest	-	-	-	-	-	(6,583)
Net Loss	-	-	-	-	-	(62,323)
Segment assets	8,412,026	1,046,901	155,694	2,528,213	(270,480)	11,872,354
Unallocated assets						316,883
Total assets						12,189,237
Segment liabilities	3,512,102	32,594	35,111	10,105	(193,688)	3,396,223
Unallocated liabilities						1,516,860
Total liabilities						4,913,084
Other segment items:						
Capital expenditure	119,492	2,992	569	-	-	123,053
Depreciation charge	141,039	12,463	2,502	21,194	-	177,197

KINGSTON WHARVES LIMITED

Segment Financial Information (Unaudited)

Nine months ended 30 September 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations \$'000	Cold Storage Operations \$'000	Security Operations \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External operating revenue	1,631,019	210,469	245,827	-	-	2,087,315
Operating revenue from segments	1,134	2,873	26,803	1,455	(32,265)	-
Total revenue	1,632,153	213,342	272,630	1,455	(32,265)	2,087,315
Gross profit	696,177	108,263	67,012	1,174	-	872,626
Other operating income	63,061	43,253	3,047	9,602	(35,855)	83,108
Operating expenses	(364,975)	(69,151)	(40,221)	(19,241)	16,002	(477,586)
Operating profit/(loss)	394,263	82,365	29,838	(8,465)	(19,853)	478,148
Finance cost	-	-	-	-	-	(175,833)
Profit before taxation	-	-	-	-	-	302,315
Taxation	-	-	-	-	-	(106,845)
Profit before minority interest	-	-	-	-	-	195,470
Minority interest	-	-	-	-	-	(6,630)
Net Profit	-	-	-	-	-	188,840
Segment assets	7,004,519	760,918	135,174	1,383,030	(303,606)	8,980,035
Unallocated assets						305,396
						9,285,431
Segment liabilities	3,388,967	26,446	29,255	8,448	(225,163)	3,227,953
Unallocated liabilities						976,452
						4,204,405
Other segment items:						
Capital expenditure	266,881	437	2,777	-	-	270,095
Depreciation charge	126,938	9,342	2,410	18,656	-	157,346

Kingston Wharves Limited

Group Statement of Changes in Equity (Unaudited)

Nine months ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	<u>Attributable to Stockholders of the company</u>				Minority Interest	Total Equity	
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2009	291,648	5,384,287	208,688	1,404,517	7,289,040	32,853	7,321,893
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	5,943	(5,943)	-	-	-
Net loss for the period	-	-	-	(52,323)	(52,323)	6,583	(45,740)
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	9,434	(9,434)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	-	9,434	(9,434)	-	-	-	-
Balance at 30 September 2009	291,648	5,393,721	214,531	1,336,817	7,236,717	39,436	7,276,163

Kingston Wharves Limited

Group Statement of Changes in Equity (Unaudited)

Nine months ended 30 September 2008

	Attributable to Stockholders of the company				Minority Interest	Total Equity	
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2008	291,648	3,079,897	151,704	1,366,907	4,890,156	27,579	4,917,735
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	37,516	(37,516)	-	-	-
Net profit for the period	-	-	-	188,840	188,840	6,630	195,470
Dividends paid	-	-	-	(32,179)	(32,179)	-	(32,179)
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	9,434	(9,434)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	-	9,434	(9,434)	-	-	-	-
Balance at 30 September 2008	291,648	3,089,331	189,220	1,476,618	5,046,817	34,209	5,081,026

Kingston Wharves Limited

Group Statement of Cash Flows (Unaudited)

Nine months ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 2009	Unaudited 2008
	J\$'000	J\$'002
Cash Provided from Operating Activities	316,737	317,900
Cash Flows from Investing Activities		
Long term receivables - recoveries	10,168	18,166
Purchase of property, plant and equipment	(123,053)	(270,095)
Proceeds from sale of property plant and equipment	-	-
Cash used in investing activities	(112,885)	(251,929)
Cash Flows from Financing Activities		
Dividends paid to group stockholders	(21,453)	(61,458)
Long term loans received	24,132	406,758
Long term loans repaid	(332,970)	(213,380)
Net cash used in/provided by financing activities	(330,291)	131,920
Net decrease/increase in cash and cash equivalents	(126,439)	197,890
Net cash and cash equivalents at beginning of period	1,182,095	967,421
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,055,656	1,165,311
Comprising:		
Cash and bank	43,818	49,473
Short term investments	1,011,838	1,115,838
	1,055,656	1,165,311

Kingston Wharves Limited
Notes to the Financial Statements (Unaudited)
Nine months ended 30 September 2009

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, port security services and the provision and installation of cold storage facilities.

The wharfage rates and penal charges billed to customers by the company are subject to regulation by the Port Authority of Jamaica. The tariff rate structure which was approved by the Port Authority of Jamaica became effective in April 1998.

The company's registered office is located at the Kingport Building, Third Street, Newport West, Kingston 13.

The company is a public company listed on the Jamaica Stock Exchange.

2. Basis of Preparation

The condensed interim financial information for the year ended 30 September 2009 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 2008.

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, except. 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 company'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 areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

3. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

The company 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.

4. Segment Reporting

A business segment is a group of assets and operations engaged in providing products and services that are subject to risks and returns that are different from those of other business segments. 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) Cold Storage operations - This incorporates the provision and installation of cold storage facilities and air conditioning units.
- (c) Security operations - This incorporates port security services
- (d) Other - Other operations of the Group comprise property rental.