

CHAIRMAN'S REPORT

The Directors are pleased to present the unaudited results of the Group for nine months ended 30 September 2010

THE GROUP

The Kingston Wharves Group continued to show an improvement in overall performance. Revenues for the nine months ended 30 September 2010 were \$2,154.65 million up from \$1,877.54 million for the similar period in 2009, an increase of \$277.11 million or 14.76%. The Group's Revenues for the third quarter of 2010 were \$801.55 million, up from \$622.65 million for the corresponding quarter of 2009 representing an increase of \$178.90 million or 28.73%. The improved performance of the Group for the period was largely attributable to the improved performance of Kingston Wharves Limited. Operating Profit for the nine months was \$593.42 million compared to \$532.64 million for the corresponding period in 2009, an increase of \$60.78 million or 11.41%. Net profit before tax for the third quarter of 2010 was \$222.88 million compared to \$86.82 million achieved for the third quarter of 2009. Net profit before tax for the nine months ending 30 September 2010 was \$585.74 million compared to \$94.09 million for the same period in 2009. Earnings Per Stock (EPS) for the third quarter was 12.50 cents up from 4.08 cents in 2009. EPS for the first nine months of 2010 was 33.99 cents compared to a loss of 4.88 cents for the corresponding period in 2009.

KINGSTON WHARVES LIMITED

Revenues for the nine months ended 30 September 2010 was \$1,720.88 million (2009: \$1,422.82 million), an increase of \$298.06 million or 20.95% over the corresponding period in 2009. Kingston Wharves Limited (KWL) revenues for the quarter ended 30 September 2010 was \$655.37 million (2009: \$457.36 million), an increase of \$198.01 million or 43.29%. During the quarter, the company's improved revenues resulted from the increased volumes of containers, cars and bulk cargo processed.

Operating Profit for the quarter was \$256.91 million compared with \$91.15 million for the corresponding period in 2009, an increase of \$165.76 million or 181.86%. For the nine month period Operating Profit was \$555.23 million compared with \$449.71 million for the corresponding period in 2009, an increase of \$105.52 million or 23.46%.

HARBOUR COLD STORES LIMITED

Harbour Cold Stores (HCS) Limited Operating Profit for the quarter was \$15.80 million compared to \$30.66 million for the corresponding quarter of 2009. Operating Profit for the nine months was \$52.79 million compared to \$78.30 million for the same period in 2009, a decrease of \$25.51 million or 32.58%. HCS continues to be impacted by increased cost of electricity, the lower levels of interest earned on its deposits and the contraction in the demand for cold storage space.

SECURITY ADMINISTRATORS LIMITED

Security Administrators Limited (SAL) Operating Profit for the quarter was \$8.09 million (\$10.48 million quarter 2009) a decline of \$2.39 million or 22.81% when compared to the third quarter in 2009. Operating profit for the nine months ended September 2010 was \$25.83 down from \$29.63 representing a decline of \$3.80 million or 12.82%. SAL's lower profit for the first nine months of 2010 when compared to the corresponding period in 2009 resulted from a reduction in the demand for its services.

OUTLOOK

The fourth quarter of the financial year is normally characterized by the highest volume of pedestrian traffic associated with the clearing of barrels. In order to facilitate the increased volume of cargo and customers processed at this time, KWL has been meeting with key stakeholders to implement procedures to simplify the processes surrounding the clearing of cargo from the warehouses. We believe that the steps taken should assist in alleviating the congestion experienced at this time of year.

In October of 2010 the group's commitment to excellence was recognized by Caribbean Shipping Association who voted Kingston Wharves Limited Multipurpose Port of the Year 2009. We take this opportunity to thank all of our valuable stakeholders for their support in making us the number one transshipment port for a third time in the last four years.



Derek N. Jones

Chairman

Kingston Wharves Limited

Group Statement of Comprehensive Income (Unaudited)

Nine months ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 9/30/2010	9 Months to 9/30/2010	3 Months to 9/30/2009	9 Months to 9/30/2009
Tonnages - Domestic (Berths 1 - 9)	411,505	1,097,372	319,516	963,711
	\$'000	\$'000	\$'000	\$'000
Revenue	801,553	2,154,649	622,648	1,877,543
Cost of sales	(399,351)	(1,142,820)	(365,051)	(1,048,689)
Gross Profit	402,202	1,011,829	257,597	828,854
Other Operating income	26,719	55,146	26,121	146,040
Administrative expenses	(161,686)	(473,554)	(160,689)	(442,249)
Operating Profit	267,235	593,421	123,029	532,645
Finance (costs)	(44,351)	(7,685)	(36,211)	(438,558)
Profit before Taxation	222,884	585,736	86,818	94,087
Taxation	(86,954)	(215,387)	(40,703)	(139,827)
Net Profit/(Loss) for the Period	135,930	370,349	46,115	(45,740)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	135,930	370,349	46,115	(45,740)
Net Profit/(Loss) Attributable to:				
Equity holders of the company	134,133	364,608	43,786	(52,323)
Minority interest	1,797	5,741	2,329	6,583
	135,930	370,349	46,115	(45,740)
Total Comprehensive Income Attributable to:				
Equity holders of the company	134,133	364,608	43,786	(52,323)
Minority interest	1,797	5,741	2,329	6,583
	135,930	370,349	46,115	(45,740)
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	12.50	33.99	4.08	(4.88)

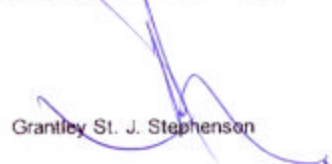
Kingston Wharves Limited
Consolidated Statement of Financial Position
at 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	30/Sep/10 \$ '000	Audited 31/Dec/09 \$ '000	30/Sep/09 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	10,056,795	10,156,401	10,216,105
Recoverable from special reserves fund	44,533	55,107	58,626
Deferred income tax assets	1,363	1,363	750
Retirement benefit asset	329,699	329,699	312,355
	<u>10,432,390</u>	<u>10,542,570</u>	<u>10,587,836</u>
Current Assets			
Inventories	26,105	3,662	6,236
Related companies	418,817	361,290	330,625
Trade and other receivables	180,921	124,490	205,107
Taxation recoverable	8,877	8,490	3,777
Short term investments	1,015,455	1,057,352	1,011,838
Cash and bank	86,514	62,781	43,818
	<u>1,736,689</u>	<u>1,618,065</u>	<u>1,601,401</u>
Total assets	<u>12,169,079</u>	<u>12,160,635</u>	<u>12,189,237</u>
EQUITY			
Stockholders' Equity			
Share capital	291,648	291,648	291,648
Capital reserves	5,406,300	5,396,866	5,393,721
Asset replacement/rehabilitation and depreciation reserves	214,753	214,601	214,531
Retained earnings	1,854,099	1,531,258	1,336,817
	<u>7,766,800</u>	<u>7,434,373</u>	<u>7,236,717</u>
Minority Interest	<u>48,341</u>	<u>42,600</u>	<u>39,436</u>
	<u>7,815,141</u>	<u>7,476,973</u>	<u>7,276,153</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	2,122,666	2,576,003	2,675,354
Deferred income tax liabilities	1,266,774	1,266,774	1,399,312
Retirement benefit obligations	119,041	119,041	86,289
	<u>3,508,481</u>	<u>3,961,818</u>	<u>4,160,955</u>
Current Liabilities			
Trade and other payables	282,764	190,029	273,247
Related companies	5,210	58,690	23,247
Taxation	95,127	41,851	31,259
Borrowings	462,356	431,274	424,376
	<u>845,457</u>	<u>721,844</u>	<u>752,129</u>
Total equity and liabilities	<u>12,169,079</u>	<u>12,160,635</u>	<u>12,189,237</u>

Approved for issue by the Board of Directors on November 12, 2010 and signed on its behalf by:


Derek N. Jones Chairman


Grantley St. J. Stephenson CEO

Kingston Wharves Limited

Financial Information by Operating Segment (Unaudited)

Nine Months ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations \$'000	Cold Storage Operations \$'000	Security Operations \$'000	Other Eliminations \$'000	\$'000	Group \$'000
External operating revenue	1,719,749	189,860	245,040	-	-	2,154,649
Operating revenue from segments	1,135	2,053	31,057	1,455	(35,700)	-
Total revenue	1,720,884	191,913	276,097	1,455	(35,700)	2,154,649
Operating profit/(loss)	555,231	52,788	25,833	(24,896)	(15,535)	593,421
Interest Expense	(119,219)	(53)	-	(903)	15,535	(104,640)
	436,012	52,735	25,833	(25,799)	-	488,781
Foreign Exchange Gain						96,955
Profit before taxation						585,736
Taxation						(215,387)
Profit before minority interest						370,349
Minority Interest						(5,741)
Net Profit						364,608
Segment assets	8,343,413	1,086,576	176,699	2,478,236	(255,785)	11,829,139
Unallocated assets						339,940
Total assets						12,169,079
Segment liabilities	2,981,586	25,690	35,479	10,446	(180,205)	2,872,996
Unallocated liabilities						1,480,942
Total liabilities						4,353,938
Other segment items:						
Interest Income	17,066	53,884	3,630	9,649	(15,535)	68,694
Capital expenditure	82,942	3,210	2,900	-	-	89,052
Depreciation charge	138,787	12,573	3,026	33,998	-	188,384

KINGSTON WHARVES LIMITED

Financial Information by Operating Segment (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	194,166	261,693	-	-	1,877,543
Operating revenue from segments	1,135	2,610	26,253	1,455	(31,453)	-
Total revenue	1,422,819	196,776	287,946	1,455	(31,453)	1,877,543
Operating profit/(loss)	449,708	78,300	29,625	(6,288)	(18,700)	532,645
Interest Expense	(163,446)	(23)	-	(1,044)	18,700	(145,813)
	286,262	78,277	29,625	(7,332)	-	386,832
Foreign Exchange loss						(292,745)
Profit before taxation						94,087
Taxation						(139,827)
Loss before minority interest						(45,740)
Minority Interest						(6,583)
Net Profit						(52,323)
Segment assets	8,412,026	1,046,901	155,694	2,528,213	(270,480)	11,872,354
Unallocated assets						316,883
						12,189,237
Segment liabilities	3,512,102	32,594	35,111	10,105	(193,688)	3,396,224
Unallocated liabilities						1,516,860
						4,913,084
Other segment items:						
Interest income	40,016	64,009	4,736	15,055	(18,700)	105,116
Capital expenditure	119,492	2,992	569	-	-	123,053
Depreciation charge	141,039	12,463	2,502	21,194	-	177,198

Kingston Wharves Limited

Consolidated Statement of Changes in Equity (Unaudited)

Nine months ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	<u>Attributable to Stockholders of the company</u>				Minority	Total	
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Interest	Equity	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2010	291,648	5,396,866	214,601	1,531,258	7,434,373	42,600	7,476,973
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	152	(152)	-	-	-
Total comprehensive income for period	-	-	-	364,606	364,606	5,741	370,347
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	9,434	(9,434)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	-	9,434	(9,434)	-	-	-	-
Dividend	-	-	-	(32,179)	(32,179)	-	(32,179)
Balance at 30 September 2010	291,648	5,406,300	214,753	1,854,099	7,766,800	48,341	7,815,141

Kingston Wharves Limited

Consolidated Statement of Changes in Equity (Unaudited)

Nine months ended 30 September 2009

	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 2009	291,648	5,384,287	208,588	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)	-	-	-
Total comprehensive income for 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	7,276,153

Kingston Wharves Limited

Consolidated Statement of Cash Flows (Unaudited)

Nine months ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 2010	Unaudited 2009
	J\$'000	J\$'000
Cash Provided from Operating Activities	416,512	316,737
Cash Flows from Investing Activities		
Long term receivables	10,574	10,168
Purchase of property, plant and equipment	(89,052)	(123,053)
Proceeds from sale of property plant and equipment	786	-
Cash used in investing activities	(77,692)	(112,885)
Cash Flows from Financing Activities		
Dividends paid to group stockholders	(32,179)	(21,453)
Long term loans received	-	24,132
Long term loans repaid	(324,805)	(332,970)
Net cash used in/provided by financing activities	(356,984)	(330,291)
Net decrease in cash and cash equivalents	(18,164)	(126,439)
Net cash and cash equivalents at beginning of period	1,120,133	1,182,095
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,101,969	1,055,656
Comprising:		
Cash and bank	86,514	43,818
Short term investments	1,015,455	1,011,838
	1,101,969	1,055,656

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited)

Nine Months ended 30 September 2010

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 period ended 30 September 2010 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 2009.

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 companies 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 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 provision of security services
- (d) Other - Other operations of the Group comprise property rental.

5. Reclassification

Reconciliation of Profit before Tax for period ended 30 September 2009

	Previously Reported	Reclassified	Revised
Revenue	1,877,543	-	1,877,543
Cost of sales	(1,048,689)	-	(1,048,689)
Gross Profit	828,854		828,854
Other Operating income	105,987	40,053	146,040
Administrative expenses	(442,249)	-	(442,249)
Operating Profit	492,592	40,053	532,645
			-
Finance income/(costs)	(398,505)	(40,053)	(438,558)
Profit Before Tax	94,087	(40,053)	94,087

Net foreign exchange gain on deposit and receivable that previously net off against loss on loans