

REPORT TO STOCKHOLDERS

The Directors of Kingston Wharves Limited present the unaudited results of the Group for nine months ended 30 September 2011

THE GROUP

During the nine months ended September 2011 revenue earned by Kingston Wharves Group was \$2,341.61 million, up from \$2,154.65 million for the similar period in 2010, which represents an increase of \$186.96 million or 8.68%. In contrast, revenue for the September 2011 quarter was down by 2.91% or \$23.32 million compared to the third quarter of 2010. Operating Profit for the nine months was \$466.06 million compared to \$593.42 million for the corresponding period in 2010, a decrease of \$127.36 million or 21.46%. Operating Profit for the quarter was \$141.69 million down from \$267.24 million for the quarter ended September 2010, a decrease of \$125.55 million or 46.98%.

Net profit attributable to stockholders for the nine months ended September 2011 was \$217.12 million compared to \$364.61 million for the same period in 2010. Net profit attributable to stockholders for the third quarter of 2011 was \$58.68 million compared to \$134.14 million achieved for the third quarter of 2010. Earnings Per Stock (EPS) for the first nine months of 2011 was 20.24 cents compared to 33.99 cents for the corresponding period in 2010. EPS for the third quarter was 5.47 cents down from 12.51 cents in 2010.

KINGSTON WHARVES LIMITED

Kingston Wharves Limited (KWL) revenue for the nine months ended 30 September 2011 was \$1,846.68 million (2010: \$1720.88) representing an increase of \$125.80 million or 7.31% over the corresponding period in 2010. Revenue for the quarter declined from \$655.37 million in 2010 to \$620.06 million in 2011 a decrease of \$35.31 million or 5.39%. During the third quarter, the volume of containers and general cargo declined compared to the same period in 2010.

Operating Profit for the nine month period was \$437.99 million compared with \$555.23 million for the corresponding period in 2010, a decrease of \$117.24 million or 21.12%. Operating Profit for the quarter was \$138.80 million compared with \$256.91 million for the corresponding period in 2010, a decrease of \$118.81 million or 45.97%. The company's results reflect the lower level of revenue earned for the third quarter of 2011 compared to the same period in 2010 and the increased costs of maintenance, fuel and electricity.



HARBOUR COLD STORES LIMITED

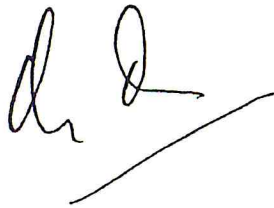
Harbour Cold Stores (HCS) Limited Operating Profit for the nine months under consideration was \$37.37 million compared to \$52.79 million for the same period in 2010, a decrease of \$15.42 million or 29.21%. Operating Profit for the quarter was \$9.86 million compared to \$15.79 million for the corresponding quarter of 2010. The company continues to be negatively impacted by increased competition and the high cost of electricity

SECURITY ADMINISTRATORS LIMITED

Security Administrators Limited (SAL) Operating profit for the nine months ending September 2011 moved from \$25.83 million in 2010 to \$29.93 in 2011, an increase of \$4.10 million or 15.9%. Operating profit for the third quarter of 2011 was \$5.84 million, down from \$8.09 million in 2010, a fall of \$2.25 million or 27.81%.

OUTLOOK

Management remains cautiously optimistic that in the fourth quarter of the financial year, KWL may experience marginal growth in container activities, car operations and break bulk. Our expectations are tempered by lingering local and international concerns about a continued recession,



Derek Jones

Chairman

Kingston Wharves Limited

Group Statement of Comprehensive Income (Unaudited)

Nine months ended 30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 30-09-11	9 Months to 30-09-11	3 Months to 30-09-10	9 Months to 30-09-10
	\$'000	\$'000	\$'000	\$'000
Revenue	778,229	2,341,606	801,554	2,154,649
Cost of sales	(468,077)	(1,397,586)	(399,350)	(1,142,820)
Gross Profit	310,152	944,020	402,204	1,011,829
Other Operating income	16,431	59,878	26,718	55,146
Administrative expenses	(184,889)	(537,837)	(161,686)	(473,554)
Operating Profit	141,694	466,061	267,236	593,421
Finance costs	(52,601)	(123,977)	(44,350)	(7,685)
Profit before Taxation	89,093	342,084	222,886	585,736
Taxation	(29,114)	(118,316)	(86,954)	(215,387)
Net Profit for the Period	59,979	223,768	135,932	370,349
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	59,979	223,768	135,932	370,349
Net Profit Attributable to:				
Equity holders of the company	58,681	217,117	134,135	364,608
Minority interest	1,298	6,651	1,797	5,741
	59,979	223,768	135,932	370,349
Total Comprehensive Income Attributable to:				
Equity holders of the company	58,681	217,117	134,135	364,608
Minority interest	1,298	6,651	1,797	5,741
	59,979	223,768	135,932	370,349
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	5.47	20.24	12.51	33.99



Kingston Wharves Limited
Consolidated Statement of Financial Position
at 30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	30-Sep-11 \$ '000	Audited 31-Dec-10 \$ '000	30-Sep-10 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	10,427,596	10,009,903	10,056,795
Intangible asset	5,030	5,030	-
Recoverable from special reserves fund	27,562	40,143	44,533
Deferred income tax assets	1,559	1,560	1,363
Retirement benefit asset	453,342	453,342	329,699
	<u>10,915,089</u>	<u>10,509,978</u>	<u>10,432,390</u>
Current Assets			
Inventories	12,588	28,529	26,105
Related companies	256,044	381,917	418,817
Trade and other receivables	180,026	98,984	180,921
Taxation recoverable	12,717	14,963	8,877
Short term investments	1,052,198	1,201,909	1,015,455
Cash and bank	35,609	80,769	86,514
	<u>1,549,182</u>	<u>1,807,071</u>	<u>1,736,689</u>
Total assets	<u><u>12,464,271</u></u>	<u><u>12,317,049</u></u>	<u><u>12,169,079</u></u>
EQUITY			
Stockholders' Equity			
Share capital	291,648	291,648	291,648
Capital reserves	5,418,879	5,409,445	5,406,300
Asset replacement/rehabilitation and depreciation reserves	214,924	214,796	214,753
Retained earnings	2,200,063	1,992,508	1,854,099
	<u>8,125,514</u>	<u>7,908,397</u>	<u>7,766,800</u>
Minority Interest	44,787	51,469	48,341
	<u>8,170,301</u>	<u>7,959,866</u>	<u>7,815,141</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	2,005,602	2,003,744	2,122,666
Deferred income tax liabilities	1,316,140	1,316,140	1,266,774
Retirement benefit obligations	143,014	143,014	119,041
	<u>3,464,756</u>	<u>3,462,898</u>	<u>3,508,481</u>
Current Liabilities			
Trade and other payables	372,414	328,147	282,764
Related companies	35,970	20,920	5,210
Taxation	10,217	86,540	95,127
Borrowings	410,613	458,678	462,356
	<u>829,214</u>	<u>894,285</u>	<u>845,457</u>
Total equity and liabilities	<u><u>12,464,271</u></u>	<u><u>12,317,049</u></u>	<u><u>12,169,079</u></u>

Approved for issue by the Board of Directors on November 15, 2011 and signed on its behalf by:



Derek N. Jones

Chairman



Grantley St. J. Stephenson

CEO



Kingston Wharves Limited

Consolidated Statement of Changes in Equity (Unaudited)

Nine months ended 30 September 2011

	Attributable to Stockholders of the company					Minority Interest	Total Equity
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
	\$'000	\$'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	-	-	-	364,608	364,608	5,741	370,349
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	1,854,101	7,766,802	48,341	7,815,143
Balance at 1 January 2011	291,648	5,409,445	214,796	1,992,508	7,908,397	51,469	7,959,866
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	128	(128)	-	-	-
Total comprehensive income for period	-	-	-	217,117	217,117	6,651	223,768
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	-	-	-	-	-	(13,333)	(13,333)
Balance at 30 September 2011	291,648	5,418,879	214,924	2,200,063	8,125,514	44,787	8,170,301

Kingston Wharves Limited

Financial Information by Operating Segment (Unaudited)

Nine Months ended 30 September 2011

(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	1,845,545	226,358	269,703	-	-	2,341,606
Operating revenue from segments	1,135	3,990	32,601	1,455	(39,181)	-
Total revenue	1,846,680	230,348	302,304	1,455	(39,181)	2,341,606
Operating profit/(loss)	437,985	37,369	29,929	(27,320)	(11,902)	466,061
Interest Expense	(125,090)	(53)	0	(458)	11,902	(113,699)
	312,895	37,316	29,929	(27,778)	0	352,362
Foreign Exchange Gain						(10,278)
Profit before taxation						342,084
Taxation						(118,316)
Profit before minority interest						223,768
Minority Interest						(6,651)
Net Profit						217,117
Segment assets	8,582,400	1,026,690	162,497	2,453,143	(228,077)	11,996,653
Unallocated assets						467,618
Total assets						12,464,271
Segment liabilities	2,905,160	30,809	32,628	10,410	(154,408)	2,824,599
Unallocated liabilities						1,469,371
Total liabilities						4,293,970
Other segment items:						
Interest Income	17,309	33,722	2,877	6,820	(11,902)	48,826
Capital expenditure	605,214	4,612	3,051	-	-	612,877
Depreciation charge	144,180	13,136	2,506	33,998	-	193,820

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 \$'000	Eliminations \$'000	Group \$'000
External operating revenue	1,719,749	189,860	245,040	0	0	2,154,649
Operating revenue from segments	1,135	2,053	31,057	1,455	(35,700)	0
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)	0	(903)	15,535	(104,640)
	436,012	52,735	25,833	(25,799)	0	488,781
Foreign Exchange gain						96,955
Profit before taxation						585,736
Taxation						(215,387)
Loss 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
						12,169,079
Segment liabilities	2,981,586	25,690	35,479	10,446	(180,205)	2,872,996
Unallocated liabilities						1,480,942
						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

Consolidated Statement of Cash Flows (Unaudited)

Nine months ended 30 September 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011	2010
	J\$'000	J\$'000
Cash Provided from Operating Activities	476,346	416,512
Cash Flows from Investing Activities		
Long term receivables	12,581	10,574
Purchase of property, plant and equipment	(612,877)	(89,052)
Proceeds from sale of property plant and equipment	-	786
Cash used in investing activities	(600,296)	(77,692)
Cash Flows from Financing Activities		
Dividends paid	(96,538)	(32,179)
Loans received	381,113	-
Long term loans repaid	(355,496)	(324,805)
Net cash used in/provided by financing activities	(70,921)	(356,984)
Net decrease in cash and cash equivalents	(194,871)	(18,164)
Net cash and cash equivalents at beginning of period	1,282,678	1,120,133
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,087,807	1,101,969
Comprising:		
Cash and bank	35,609	86,514
Short term investments	1,052,198	1,015,455
	1,087,807	1,101,969

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited)

Nine months ended 30 September 2011

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, 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 2011 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 2010.

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.