



KINGSTON WHARVES LIMITED

FIRST QUARTER
3 MONTHS ENDED 31 MARCH 2012

CHAIRMAN'S REPORT

The Directors are pleased to present the unaudited results of the Group for year ended 31 March 2012

THE GROUP

Kingston Wharves Group's revenue for the quarter ended March 2012 was \$804.22 million compared to \$793.58 million for the corresponding period in 2011 which represents an increase of \$10.64 million or (1.34%). Profit before tax for the quarter was \$102.16 million compared to \$157.23 million for the same period in 2011.

The Group's results for the period continues to be affected by declining cargo volumes as a result of the weak state of the Jamaican economy, and rising utility and maintenance costs. The results for the quarter also reflect higher depreciation charges as a result of the higher tri-annual valuation of fixed assets in 2011, and the additional equipment acquired during the latter part of 2011. With the issue of 357,550,000 new share to Jamaica Producers Group Limited immediately prior to the end of the quarter, as well as the increased costs during the quarter, EPS for the period was 5.90 cents compared to 9.42 cents in 2011. The benefits of JP investment will be recorded in subsequent financial statements.

KINGSTON WHARVES LIMITED

Kingston Wharves Limited (KWL) revenues for the quarter ended March 2012 was \$652.33 million (2011: \$619.22 million), an increase of \$33.11 million or 5.35%.

Operating Profit for the quarter was \$163.48 million compared to \$277.10 million, (which included \$100 million dividend income), for the corresponding period in 2011. During March 2012 quarter, operating expenses increased as a result of: higher costs associated with the maintenance of equipment and facilities, customs overtime and depreciation.

HARBOUR COLD STORES LIMITED

Harbour Cold Stores (HCS) Limited Operating Profit for the quarter ended 31 March 2012 was \$4.87 million down from \$15.36 million for the corresponding quarter of 2011. HCS's activities are now being impacted by changes in the customs law which allows importers that meet specific criteria to strip imported containers at their own facilities. The company's operations are being reviewed by the board.



SECURITY ADMINISTRATORS LIMITED

Security Administrators Limited (SAL) Operating Profit for the first quarter of 2012 was \$5.65 million compared to \$11.55 million for the corresponding quarter in 2011. The company's results reflect higher operating cost without a corresponding increase in the level of revenue. The company is exploring ways to reduce operating costs while diversifying its revenue stream.

OUTLOOK

At an Extra Ordinary General Meeting held on 29 March 2012, shareholders accepted an offer from Jamaica Producers Group Limited to buy shares valued at \$1.79 billion. These funds will be used to assist with the rehabilitation of berths and the relocation of warehouse activities.

The Group continues to look for ways to grow its revenue while minimizing costs. During 2012, we are seeking to expand our car transshipment business. To reduce costs, we are implementing the recommendations from the completed energy audit and expect to see results by the third quarter. Further, we are currently taking a critical look at all costs across the operations with a view to ensure that the company maximizes the benefits from each dollar spent.



Grantley Stephenson

Chairman and Chief Executive Officer

Kingston Wharves Limited

Group Statement of Comprehensive Income (Unaudited)

Three months ended 31 March 2012

| | 3 Months to 3/31/2012 | 3 Months to 3/31/2011 |
|---|-----------------------------|-----------------------------|
| | \$'000 | \$'000 |
| Revenue | 804,217 | 793,579 |
| Cost of sales | (470,672) | (458,359) |
| Gross Profit | 333,545 | 335,220 |
| Other Operating income | 18,758 | 20,780 |
| Administrative expenses | (197,324) | (165,195) |
| Operating Profit | 154,979 | 190,805 |
| Finance costs | (52,818) | (33,572) |
| Profit before Taxation | 102,161 | 157,233 |
| Taxation | (37,191) | (53,618) |
| Net Profit for the Period | 64,970 | 103,615 |
| Other Comprehensive Income | - | - |
| Total Comprehensive Income | 64,970 | 103,615 |
| Net Profit Attributable to: | | |
| Equity holders of the company | 63,715 | 101,048 |
| Minority interest | 1,255 | 2,567 |
| | 64,970 | 103,615 |
| Total Comprehensive Income Attributable to: | | |
| Equity holders of the company | 63,715 | 101,048 |
| Minority interest | 1,255 | 2,567 |
| | 64,970 | 103,615 |
| Number of Stock Units Issued ('000) | 1,430,200 | 1,072,650 |
| EARNINGS PER STOCK UNIT attributable to the stockholders of the company expressed in cents per share | 5.90 | 9.42 |

Kingston Wharves Limited
Consolidated Statement of Financial Position (Unaudited)
at 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

| | 31/Mar/12 \$ '000 | Audited 31/Dec/11 \$ '000 | 31/Mar/11 \$ '000 |
|--|--------------------------|---------------------------------|--------------------------|
| ASSETS | | | |
| Non-current Assets | | | |
| Property, plant and equipment | 12,056,399 | 12,116,385 | 10,003,186 |
| Intangible asset | 3,773 | 3,773 | 5,030 |
| Recoverable from The Port Authority of Jamaica | 18,395 | 23,187 | 35,471 |
| Deferred income tax assets | 907 | 1,128 | 1,559 |
| Retirement benefit asset | 526,360 | 526,360 | 453,342 |
| | <u>12,605,834</u> | <u>12,670,833</u> | <u>10,498,588</u> |
| Current Assets | | | |
| Inventories | 21,944 | 23,275 | 5,745 |
| Related companies | 318,143 | 357,965 | 349,050 |
| Trade and other receivables | 256,311 | 122,929 | 216,101 |
| Taxation recoverable | 48,035 | 64,750 | 21,487 |
| Short term investments | 990,775 | 1,033,894 | 1,039,134 |
| Cash and bank | 1,862,361 | 42,761 | 83,115 |
| | <u>3,497,569</u> | <u>1,645,574</u> | <u>1,714,632</u> |
| Total assets | <u><u>16,103,403</u></u> | <u><u>14,316,407</u></u> | <u><u>12,213,220</u></u> |
| EQUITY | | | |
| Stockholders' Equity | | | |
| Share capital | 2,079,398 | 291,648 | 291,648 |
| Capital reserves | 6,719,501 | 6,716,356 | 5,412,590 |
| Asset replacement/rehabilitation and depreciation reserves | 214,842 | 214,796 | 214,838 |
| Retained earnings | 2,345,878 | 2,285,354 | 2,090,368 |
| | <u>11,359,619</u> | <u>9,508,154</u> | <u>8,009,444</u> |
| Minority Interest | <u>46,799</u> | <u>45,544</u> | <u>54,036</u> |
| | <u>11,406,418</u> | <u>9,553,698</u> | <u>8,063,480</u> |
| LIABILITIES | | | |
| Non-current Liabilities | | | |
| Borrowings | 1,858,635 | 1,953,538 | 1,898,960 |
| Deferred income tax liabilities | 1,800,699 | 1,800,699 | 1,315,943 |
| Retirement benefit obligations | 163,893 | 163,893 | 143,014 |
| | <u>3,823,227</u> | <u>3,918,130</u> | <u>3,357,917</u> |
| Current Liabilities | | | |
| Trade and other payables | 419,993 | 305,576 | 341,862 |
| Related companies | 21,409 | 89,686 | 3,450 |
| Taxation | 2,430 | - | - |
| Bank overdraft | - | 12,180 | - |
| Borrowings | 429,926 | 437,137 | 446,511 |
| | <u>873,758</u> | <u>844,579</u> | <u>791,823</u> |
| Total equity and liabilities | <u><u>16,103,403</u></u> | <u><u>14,316,407</u></u> | <u><u>12,213,220</u></u> |

Approved for issue by the Board of Directors on May 14, 2012 and signed on its behalf by:

Grantley St. J. Stephenson Chairman

Alvin Henry Director



Kingston Wharves Limited

Financial Information by Operating Segment (Unaudited)

Three Months ended 31 March 2012

(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 | 651,951 | 59,607 | 92,659 | - | - | 804,217 |
| Operating revenue from segments | 379 | 1,260 | 11,731 | 485 | (13,855) | - |
| Total revenue | 652,330 | 60,866 | 104,390 | 485 | (13,855) | 804,217 |
| Operating profit/(loss) | 163,479 | 4,874 | 5,648 | (15,689) | (3,333) | 154,979 |
| Interest Expense | (41,957) | (20) | 0 | (141) | 3,333 | (38,785) |
| | 121,521 | 4,854 | 5,648 | (15,829) | 0 | 116,194 |
| Foreign exchange loss | | | | | | (14,033) |
| Profit before taxation | | | | | | 102,161 |
| Taxation | | | | | | (37,191) |
| Profit before minority interest | | | | | | 64,970 |
| Minority Interest | | | | | | (1,255) |
| Net Profit | | | | | | 63,715 |
| Segment assets | 11,577,379 | 1,062,345 | 168,861 | 2,939,062 | (219,546) | 15,528,101 |
| Unallocated assets | | | | | | 575,302 |
| Total assets | | | | | | 16,103,403 |
| Segment liabilities | 2,812,601 | 20,149 | 35,705 | 10,577 | (149,069) | 2,729,963 |
| Unallocated liabilities | | | | | | 1,967,022 |
| Total liabilities | | | | | | 4,696,985 |
| Other segment items: | | | | | | |
| Interest Income | 4,472 | 9,947 | 618 | 2,334 | (3,333) | 14,038 |
| Capital expenditure | 17,993 | 13 | 4,047 | - | - | 22,053 |
| Depreciation charge | 57,979 | 4,961 | 794 | 18,272 | - | 82,006 |

KINGSTON WHARVES LIMITED

Financial Information by Operating Segment (Unaudited)

Three Months ended 31 March 2011

(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 | 618,841 | 90,101 | 84,637 | - | - | 793,579 |
| Operating revenue from segments | 379 | 564 | 9,894 | 485 | (11,322) | - |
| Total revenue | <u>619,220</u> | <u>90,665</u> | <u>94,531</u> | <u>485</u> | <u>(11,322)</u> | <u>793,579</u> |
| Operating profit/(loss) | 277,096 | 15,360 | 11,551 | (8,715) | (104,487) | 190,805 |
| Interest Expense | (39,795) | (19) | 0 | (164) | 4,487 | (35,491) |
| | <u>237,301</u> | <u>15,341</u> | <u>11,551</u> | <u>(8,879)</u> | <u>(100,000)</u> | <u>155,314</u> |
| Foreign exchange gain | | | | | | 1,919 |
| Profit before taxation | | | | | | <u>157,233</u> |
| Taxation | | | | | | (53,618) |
| Loss before minority interest | | | | | | <u>103,615</u> |
| Minority Interest | | | | | | (2,567) |
| Net Profit | | | | | | <u>101,048</u> |
| Segment assets | 8,318,528 | 1,009,383 | 195,406 | 2,460,267 | (246,752) | 11,736,832 |
| Unallocated assets | | | | | | <u>467,130</u> |
| | | | | | | <u>12,203,962</u> |
| Segment liabilities | 2,791,602 | 24,272 | 37,307 | 10,769 | (173,167) | 2,690,783 |
| Unallocated liabilities | | | | | | <u>1,449,699</u> |
| | | | | | | <u>4,140,482</u> |
| Other segment items: | | | | | | |
| Interest income | 6,025 | 12,297 | 1,089 | 2,598 | (4,487) | 17,522 |
| Capital expenditure | 57,420 | 32 | 111 | - | - | 57,563 |
| Depreciation charge | 47,095 | 4,267 | 850 | 11,333 | - | 63,545 |

Kingston Wharves Limited

Consolidated Statement of Changes in Equity (Unaudited)

Three months ended 31 March 2012

| | Attributable to Stockholders of the company | | | | 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 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 | - | - | 42 | (42) | - | - | - |
| Total comprehensive income for period | - | - | - | 101,048 | 101,048 | 2,567 | 103,615 |
| Transfer to asset replacement/rehabilitation and depreciation reserves | - | - | 3,145 | (3,145) | - | - | - |
| Transfer from asset replacement/rehabilitation and depreciation reserves | - | 3,145 | (3,145) | - | - | - | - |
| Balance at 31 March 2011 | 291,648 | 5,412,590 | 214,838 | 2,090,369 | 8,009,445 | 54,036 | 8,063,481 |
| Balance at 1 January 2012 | 291,648 | 6,716,356 | 214,796 | 2,285,354 | 9,508,154 | 45,544 | 9,553,698 |
| Transfer of net interest to asset replacement/rehabilitation and depreciation reserves | - | - | 46 | (46) | - | - | - |
| Total comprehensive income for period | - | - | - | 63,715 | 63,715 | 1,255 | 64,970 |
| Issue of ordinary shares | 1,787,750 | - | - | - | 1,787,750 | - | 1,787,750 |
| Transfer to asset replacement/rehabilitation and depreciation reserves | - | - | 3,145 | (3,145) | - | - | - |
| Transfer from asset replacement/rehabilitation and depreciation reserves | - | 3,145 | (3,145) | - | - | - | - |
| Balance at 31 March 2012 | 2,079,398 | 6,719,501 | 214,842 | 2,345,878 | 11,359,619 | 46,799 | 11,406,418 |

Kingston Wharves Limited

Consolidated Statement of Cash Flows (Unaudited)

Three months ended 31 March 2012

(expressed in Jamaican dollars unless otherwise indicated)

| | 2012 | 2011 |
|---|------------------|------------------|
| | J\$'000 | J\$'000 |
| Cash Provided from Operating Activities | 166,470 | 104,211 |
| Cash Flows from Investing Activities | | |
| Long term receivables | 4,792 | 4,672 |
| Purchase of property, plant and equipment | (22,053) | (57,563) |
| Proceeds from sale of property plant and equipment | - | - |
| Cash used in investing activities | (17,261) | (52,891) |
| Cash Flows from Financing Activities | | |
| Dividends paid | (32,179) | (96,538) |
| Proceeds from issue of ordinary shares | 1,787,750 | - |
| Long term loans received | - | - |
| Long term loans repaid | (116,119) | (115,211) |
| Net cash provided by /(used in) financing activities | 1,639,452 | (211,749) |
| Net increase/(decrease) in cash and cash equivalents | 1,788,661 | (160,429) |
| Net cash and cash equivalents at beginning of period | 1,064,475 | 1,282,678 |
| NET CASH AND CASH EQUIVALENTS AT END OF PERIOD | 2,853,136 | 1,122,249 |
| Comprising: | | |
| Cash and bank | 1,862,361 | 83,115 |
| Short term investments | 990,775 | 1,039,134 |
| | 2,853,136 | 1,122,249 |

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited)

Year ended 31 March 2012

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 31 March 2012 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 2011.

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.

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. Increase in Share Capital

By Ordinary Resolution passed at an Extraordinary General Meeting of the Company held on March 29, 2012, the Company's share capital has been increased by the issue of 357,550,000 ordinary shares, and the newly issued shares have been allotted to Jamaica Producers Group Limited (JP) for a total purchase price of \$1,787,750,000.

Earnings per share calculated using the weighted average number of shares of 1,080,508,000 for the period.

KINGSTON WHARVES LIMITED

TOP TEN SHAREHOLDING AT 31 MARCH 2012

| |
|----------------------|
| 1,430,199,518 |
|----------------------|

| NAMES | SHAREHOLDING | % OF CAPITAL |
|---|----------------------|--------------|
| JAMAICA PRODUCERS GROUP LTD | 364,173,725 | 25.46 |
| NATIONAL COMMERCIAL BANK LTD | 360,807,145 | 25.23 |
| SHIPPING ASSOCIATION OF JAMAICA PROPERTY LIMITED | 168,933,715 | 11.81 |
| KINGSTON PORTWORKERS SUPERANNUATION FUND | 159,878,179 | 11.18 |
| NCB CAPITAL MARKETS A/C NO. 2231 | 105,283,757 | 7.36 |
| MARITIME & TRANSPORT SERVICES LTD | 71,475,924 | 5.00 |
| JAMAICA FRUIT & SHIPPING CO. LTD | 58,906,184 | 4.12 |
| LANNAMAN & MORRIS (SHIPPING) LTD | 28,736,164 | 2.01 |
| SAGICOR PIF EQUITY FUND | 10,286,533 | 0.72 |
| NCB INSURANCE CO LTD. - A/C WT 181 | 10,000,000 | 0.70 |
| | 1,338,481,326 | 93.59 |

KINGSTON WHARVES LIMITED
DIRECTORS & SENIOR MANAGERS' SHAREHOLDINGS

| NAMES | SHAREHOLDING | CONNECTED PARTIES | SHAREHOLDING |
|------------------------|--------------|-------------------------------|--------------|
| DIRECTORS | | | |
| GRANTLEY STEPHENSON | 331,369 | | |
| ROGER HINDS | NIL | TRANSOCEAN SHIPPING | 1,481,481 |
| KIM CLARKE | NIL | MARITIME & TRANSPORT SERVICES | 71,475,924 |
| HARRIAT MARAGH | NIL | LANNAMAN & MORRIS SHIPPING | 28,736,164 |
| CHARLES JOHNSTON | 24,458 | JAMAICA FRUIT & SHIPPING | 58,906,184 |
| PETER LAWSON | NIL | | |
| ALVIN HENRY | 91,333 | | |
| STEPHEN LYN KEE CHOW | 150,000 | | |
| KARLENE BAILEY | NIL | | |
| DEREK JONES | NIL | | |
| KATHLEEN MOSS | 2,000 | JAMAICA PRODUCERS GROUP | 364,173,725 |
| JEFFREY HALL | NIL | JAMAICA PRODUCERS GROUP | 364,173,725 |
| SENIOR MANAGERS | | | |
| | 599,160 | | |
| KAREN GILBERT | NIL | | |
| MARK WILLIAMS | NIL | | |
| | NIL | | |