



**KINGSTON WHARVES LIMITED**

SECOND QUARTER  
6 MONTHS ENDED 30 JUNE 2012

## **CHAIRMAN'S REPORT**

**The Directors are pleased to present the unaudited results of the Group for six months ended 30 June 2012**

### **THE GROUP**

The Group's performance for the six months ended June 2012 was positively impacted by increased revenue and the cost saving initiatives implemented by the group which resulted in the gross profit to sales moving from 40.54% to 41.75%. Revenues for the six months ended June 2012 were \$1,630.67 million up from \$1,563.38 million for the similar period in 2011, an increase of \$67.29 million or 4.30%. Operating Profit also increased for the first half of the financial year from \$324.37 million to \$352.76, a positive movement of \$28.40 million or 8.75% compared to 2011. For the six months ending June 2012, net profit attributable to stockholders was \$145.58 million compared to \$158.44 million for the same period in 2011.

With regards to the second quarter, revenues increased by 7.36% or \$56.65 million over the corresponding quarter of 2011. . Operating Profit for the quarter was \$197.78 million, up from \$133.56 million for the quarter ended June 2011, an increase of \$64.22 million or 48.08%. Net profit attributable to stockholders for the second quarter of 2012 was \$81.86 million compared with \$57.39 million for the corresponding period in 2011 due to interest earned from funds invested in the business.

Earnings Per Stock (EPS) for the first six months of 2011 was 11.84 cents compared to 14.77 cents for the corresponding period in 2011. EPS for the second quarter was 5.72 cents up from 5.35 cents in 2011.

### **KINGSTON WHARVES LIMITED**

Kingston Wharves Limited (KWL) revenues for the six months ended 30 June 2012 was \$1,336.62 million (2011: \$1,226.62), an increase of \$109.99 million or 8.97% over the corresponding period in 2011. Operating Profit for the six month period was \$466.79 million compared with \$399.19 million for the corresponding period in 2011, an increase of \$67.6 million or 16.93%. This improvement was due to additional volumes of car and break bulk handled compared to corresponding period in 2011.

We note that revenue for the second quarter ending June 2012 was \$684.29 million (2011: \$607.40), an increase of \$76.88 million or 12.66% over the same period in 2011. This was mainly attributable to a 40.36% increase in domestic and transshipment motor units processed compared to the same period in 2011. Operating Profit for the second quarter was \$303.31 million compared to \$122.09 million for the corresponding period in 2011, an increase of \$181.22 million or 148.42%.

## **HARBOUR COLD STORES LIMITED**

Harbour Cold Stores (HCS) Limited Operating Profit for the six months under consideration was \$10.46 million compared to \$27.51 million for the same period in 2011, a decrease of \$17.05 million or 61.97%. Operating Profit for the second quarter was \$5.59 million compared to \$12.15 million for the June quarter of 2011. HCS continues to be impacted by a contraction in the demand for cold storage, the increased cost of electricity and the lower levels of interest earned on its deposits.

## **SECURITY ADMINISTRATORS LIMITED**

Security Administrators Limited (SAL) Operating profit for the six months fell by \$11.94 million or 49.55% from \$24.09 million in 2011 to \$12.15 million in 2012. Operating profit for the quarter decreased by \$6.03 million or 48.13% when compared to the second quarter in 2011. SAL's results in 2011 reflects bad debt recovered and 2012 includes increased operating costs.

## **OUTLOOK**

The Group continues to be affected by the contraction in the local economy and the uncertainty in the international marketplace. None the less we remain cautiously optimistic that the cost saving initiatives and the anticipated growth in key areas should assist the Group to realise modest growth in profit for 2012.



Grantley Stephenson

Chairman and Chief Executive Officer

# Kingston Wharves Limited

## Group Statement of Comprehensive Income (Unaudited)

### Six months ended 30 June 2012

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 06/30/12	6 Months to 06/30/12	3 Months to 06/30/11	6 Months to 06/30/11
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>	826,452	1,630,669	769,798	1,563,377
Cost of sales	(479,086)	(949,758)	(471,150)	(929,509)
<b>Gross Profit</b>	347,366	680,911	298,648	633,868
Other Operating income	50,831	69,589	22,667	43,447
Administrative expenses	(200,413)	(397,737)	(187,753)	(352,948)
<b>Operating Profit</b>	197,784	352,763	133,562	324,367
Finance costs	(64,969)	(117,787)	(37,804)	(71,376)
<b>Profit before Taxation</b>	132,815	234,976	95,758	252,991
Taxation	(49,507)	(86,698)	(35,584)	(89,202)
<b>Net Profit for the Period</b>	83,308	148,278	60,174	163,789
<b>Other Comprehensive Income</b>	-	-	-	-
<b>Total Comprehensive Income</b>	83,308	148,278	60,174	163,789
<b>Net Profit Attributable to:</b>				
Equity holders of the company	81,863	145,578	57,388	158,436
Minority interest	1,445	2,700	2,786	5,353
	83,308	148,278	60,174	163,789
<b>Total Comprehensive Income Attributable to:</b>				
Equity holders of the company	81,863	145,578	57,388	158,436
Minority interest	1,445	2,700	2,786	5,353
	83,308	148,278	60,174	163,789
Number of Stock Units Issued ('000)	1,430,200	1,430,200	1,072,650	1,072,650
<b>EARNINGS PER STOCK UNIT</b>				
attributable to the stockholders of the company expressed in cents per share	5.72	11.84	5.35	14.77

**Kingston Wharves Limited**  
**Consolidated Statement of Financial Position**  
**at 30 June 2012**

(expressed in Jamaican dollars unless otherwise indicated)

	30/Jun/12 \$ '000	Audited 31/Dec/11 \$ '000	30/Jun/11 \$ '000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	11,984,046	12,116,385	10,017,492
Intangible asset	3,144	3,773	5,030
Recoverable from special reserves fund	13,804	23,187	31,806
Deferred income tax assets	2,788	1,128	1,559
Retirement benefit asset	526,360	526,360	453,342
	<u>12,530,142</u>	<u>12,670,833</u>	<u>10,509,229</u>
<b>Current Assets</b>			
Inventories	23,768	23,275	25,093
Trade and other receivables	591,363	480,894	480,695
Taxation recoverable	22,469	64,750	12,320
Short term investments	2,807,267	1,033,894	1,007,270
Cash and bank	41,252	42,761	117,450
	<u>3,486,119</u>	<u>1,645,574</u>	<u>1,642,828</u>
<b>Total assets</b>	<u>16,016,261</u>	<u>14,316,407</u>	<u>12,152,057</u>
<b>EQUITY</b>			
<b>Stockholders' Equity</b>			
Share capital	2,079,398	291,648	291,648
Capital reserves	6,722,646	6,716,356	5,415,735
Asset replacement/rehabilitation and depreciation reserves	215,066	214,796	214,881
Retained earnings	2,424,372	2,285,354	2,117,902
	<u>11,441,482</u>	<u>9,508,154</u>	<u>8,040,166</u>
<b>Minority Interest</b>	<u>48,244</u>	<u>45,544</u>	<u>43,489</u>
	<u>11,489,726</u>	<u>9,553,698</u>	<u>8,083,655</u>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Borrowings	1,755,536	1,953,538	1,813,914
Deferred income tax liabilities	1,801,858	1,800,699	1,315,943
Retirement benefit obligations	163,893	163,893	143,014
	<u>3,721,287</u>	<u>3,918,130</u>	<u>3,272,871</u>
<b>Current Liabilities</b>			
Trade and other payables	358,083	395,262	358,808
Taxation	4,954	-	5,660
Borrowings	442,211	449,317	431,063
	<u>805,248</u>	<u>844,579</u>	<u>795,531</u>
<b>Total equity and liabilities</b>	<u>16,016,261</u>	<u>14,316,407</u>	<u>12,152,057</u>

Approved for issue by the Board of Directors on August 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)**

### **Six Months ended 30 June 2012**

(expressed in Jamaican dollars unless otherwise indicated)

	<b>Terminal Operations \$'000</b>	<b>Cold Storage Operations \$'000</b>	<b>Security Operations \$'000</b>	<b>Other</b>	<b>Eliminations \$'000</b>	<b>Group \$'000</b>
External operating revenue	1,335,859	108,165	186,645	-	-	1,630,669
Operating revenue from segments	757	1,888	22,168	970	(25,783)	-
Total revenue	1,336,616	110,053	208,813	970	(25,783)	1,630,669
Operating profit/(loss)	466,786	10,463	12,152	(30,186)	(106,452)	352,763
Interest Expense	(83,622)	(66)	-	(283)	6,452	(77,519)
	383,164	10,396	12,152	(30,468)	-100,000.00	275,244
Foreign exchange loss						(40,268)
Profit before taxation						234,976
Taxation						(86,698)
Profit before minority interest						148,278
Minority Interest						(2,700)
<b>Net Profit</b>						<b>145,578</b>
Segment assets	11,616,603	1,062,703	197,696	2,924,112	(336,470)	15,464,644
Unallocated assets						551,617
Total assets						16,016,261
Segment liabilities	2,630,974	118,624	61,077	11,865	(266,710)	2,555,830
Unallocated liabilities						1,970,705
Total liabilities						4,526,535
<b>Other segment items:</b>						
Interest Income	29,659	18,865	1,351	4,694	(6,452)	48,117
Capital expenditure	27,692	85	4,452	-	-	32,229
Depreciation charge	118,281	9,923	1,626	35,258	-	165,088

# KINGSTON WHARVES LIMITED

## Financial Information by Operating Segment (Audited)

### Six Months ended 30 June 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	1,225,866	157,931	179,580	-	-	1,563,377
Operating revenue from segments	757	2,907	20,375	970	(25,009)	-
Total revenue	1,226,623	160,838	199,955	970	(25,009)	1,563,377
Operating profit/(loss)	399,188	27,511	24,089	(18,307)	(108,114)	324,367
Interest Expense	(77,084)	(46)	-	(314)	8,114	(69,330)
	322,104	27,465	24,089	(18,621)	(100,000)	255,037
Foreign exchange gain						(2,046)
Profit before taxation						252,991
Taxation						(89,202)
Loss before minority interest						163,789
Minority Interest						(5,353)
<b>Net Profit</b>						<b>158,436</b>
Segment assets	8,249,745	1,020,284	199,187	2,449,484	(233,864)	11,684,836
Unallocated assets						467,221
						12,152,057
Segment liabilities	2,655,149	26,866	71,881	10,170	(160,282)	2,603,784
Unallocated liabilities						1,464,617
						4,068,401
<b>Other segment items:</b>						
Interest income	11,720	23,272	2,252	4,464	(8,114)	33,594
Capital expenditure	131,148	3,944	347	-	-	135,439
Depreciation charge	94,190	8,535	1,573	22,666	-	126,964



# Kingston Wharves Limited

## Consolidated Statement of Changes in Equity (Unaudited)

Six months ended 30 June 2012

	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
<b>Balance at 1 January 2011</b>	<b>291,648</b>	<b>5,409,445</b>	<b>214,796</b>	<b>1,992,508</b>	<b>7,908,397</b>	<b>51,469</b>	<b>7,959,866</b>
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	85	(85)	-	-	-
Total comprehensive income for period	-	-	-	158,436	<b>158,436</b>	5,353	<b>163,789</b>
Transfer to asset replacement/ rehabilitation and depreciation reserves	-	-	6,290	(6,290)	-	-	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	-	6,290	(6,290)	-	-	-	-
Dividend paid by SAL	-	-	-	(26,667)	(26,667)	(13,333)	(40,000)
<b>Balance at 30 June 2011</b>	<b>291,648</b>	<b>5,415,735</b>	<b>214,881</b>	<b>2,117,902</b>	<b>8,040,166</b>	<b>43,489</b>	<b>8,083,655</b>
<b>Balance at 1 January 2012</b>	<b>291,648</b>	<b>6,716,356</b>	<b>214,796</b>	<b>2,285,354</b>	<b>9,508,154</b>	<b>45,544</b>	<b>9,553,698</b>
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	270	(270)	-	-	-
Total comprehensive income for period	-	-	-	145,578	145,578	2,700	148,278
Issue of ordinary shares	1,787,750	-	-	-	1,787,750	-	1,787,750
Transfer to asset replacement/ rehabilitation and depreciation reserves	-	-	6,290	(6,290)	-	-	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	-	6,290	(6,290)	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>2,079,398</b>	<b>6,722,646</b>	<b>215,066</b>	<b>2,424,372</b>	<b>11,441,482</b>	<b>48,244</b>	<b>11,489,726</b>



# Kingston Wharves Limited

## Consolidated Statement of Cash Flows (Unaudited)

### Six months ended 30 June 2012

(expressed in Jamaican dollars unless otherwise indicated)

	2012	2011
	J\$'000	J\$'000
<b>Cash Provided from Operating Activities</b>	284,486	285,186
<b>Cash Flows from Investing Activities</b>		
Long term receivables	9,383	8,337
Purchase of property, plant and equipment	(32,229)	(135,439)
Proceeds from sale of property plant and equipment	-	-
Cash used in investing activities	(22,846)	(127,102)
<b>Cash Flows from Financing Activities</b>		
Dividends paid	(32,179)	(96,538)
Proceeds from issue of ordinary shares	1,787,750	-
Long term loans received	-	11,347
Long term loans repaid	(233,167)	(230,851)
Net cash provided by/(used in) financing activities	1,522,404	(316,042)
Net increase/(decrease) in cash and cash equivalents	1,784,044	(157,958)
Net cash and cash equivalents at beginning of period	1,064,475	1,282,678
<b>NET CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,848,519</b>	<b>1,124,720</b>
<b>Comprising:</b>		
Cash and bank	41,252	117,450
Bank overdraft	-	-
Short term investments	2,807,267	1,007,270
	<b>2,848,519</b>	<b>1,124,720</b>

## **Kingston Wharves Limited**

### **Notes to the Financial Statements (Unaudited)**

**Year ended 30 June 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 30 June 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 is calculated using the weighted average number of shares of 1,229,544,000 for the period.