



KINGSTON WHARVES LIMITED

INTERIM REPORT TO STOCKHOLDERS

UNAUDITED GROUP RESULTS

9 MONTHS ENDED 30 SEPTEMBER 2016

Chairman's Statement

For the nine months ended 30 September 2016

The Board of Directors is pleased to present the following unaudited financial results of Kingston Wharves Limited for the third quarter and nine-month period ended September 30, 2016.

The Group achieved revenue of \$3.9 billion year to date, which represents a 15% improvement over the corresponding period of the prior year. Gross profit for the period increased by \$319 million over the comparable period in 2015, moving from \$1,404 million to \$1,723 million. Net profit attributable to equity holders totalled \$864 million, an increase of 15% over the previous year. Earnings per stock unit improved from 52.53 cents for the period in 2015 to 60.44 cents in 2016.

Terminal Operations

The Terminal Operations Division is the leading multi-purpose, multi-user sea port in the Caribbean and Latin America. The year to date operating revenue of the Terminal Operations Division amounted to \$2,985 million, a 15% increase year on year. Divisional profits increased by 7% from \$712 million to \$766 million. The Division showed an increase in revenue and profitability due to the strong performance of both the container and motor vehicle handling units. Container volumes during the quarter totalled 35,331 units, reflecting a 9% increase over the third quarter in 2015. Trans-shipment container moves showed a particularly significant improvement, increasing by 18% to 22,488 units.

Logistics & Ancillary Services

The Logistics and Ancillary Services Division is a full service logistics provider in Jamaica with services ranging from warehousing and cold storage, to cargo and port security operations. The Logistics and Ancillary Services Division continues to make significant strides as KWL builds out its logistics services initiative and cements itself as a leading player in the industry. The

Division generated revenues of \$928 million, which represents a 16% or \$128 million increase over the relative period in the previous year. KWL will continue optimizing the profile of the business while re-investing in its logistics brand with simultaneous focus on channel expansion and vertical integration.

Corporate Social Responsibility

KWL renewed its commitment to national development and community outreach this quarter by sponsoring for the 27th year, its flagship KWL Under-15 Cricket Competition. This, as we believe in the transformative power of sports and understand that an investment in youth is an investment in country. Our contribution to nation building was extended to Missionaries of the Poor, an institution whose mandate to uplift the many poor communities in Jamaica is aligned with the core values of Kingston Wharves.

In September, both the Maritime Authority of Jamaica and Women in Maritime Association Caribbean commemorated their anniversaries with a week of celebration. KWL being an integral player in Maritime trade deemed it fit to sponsor these events showing its support to fellow players in the industry.

Outlook

By definition, the business of logistics and terminal operations is impacted by the factors that affect international trade. Strong and growing international trade is good for the shipping lines that we serve and is, in turn, generally positive for our terminal and for the shipping terminals with which we compete across the region. Recent global events will, however, have introduced a level of uncertainty about the prospects for international trade and will present challenges for many global shipping lines that are already struggling to trade profitably.

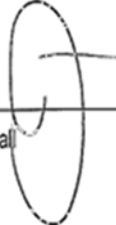
As we move into the final and most active quarter of 2016, we will address these challenges with a series of initiatives that will improve the overall experience of importers and exporters who use our services; develop and deepen long term relationships with those shipping lines that can best take advantage of our unique location and range of services. In particular, subsequent to the end of the quarter, we completed the commissioning of the largest mobile harbour crane anywhere in the Caribbean. This new crane expands our fleet and allows us to



handle a greater volume and range of containerised and break bulk cargo. It also allows KWL to handle the loading and discharge of larger ships.

Our Logistics and Ancilliary Services division will also benefit from a series of initiatives to cooperate with Jamaica customs and other stakeholders across the industry to improve the automated processing of information related to cargo movements and to enhance our efficiency. In 2017, these initiatives will be further supported by the completion of our warehousing, logistics and cargo delivery centre, which will be the largest and most modern of its kind serving the port of Kingston.

We were particularly pleased that our ongoing efforts to improve the capabilities and service levels of our port facilities were recognised by our customers and peers across the Caribbean when KWL was awarded the **Best Multi-Purpose Port in the Caribbean** at the recently held Caribbean Shipping Association Annual General meeting. On behalf of my colleague directors, I thank our management and staff for their commitment to our success and our partners and customers for their continued support and confidence as we remain focused on strengthening our capacity, growing our business and returning value to our shareholders.


Jeffrey Hall Chairman

Kingston Wharves Limited
Group Income Statement (Unaudited)
Nine months ended 30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 30/09/2016	3 Months to 30/09/2015	9 Months to 30/09/2016	9 Months to 30/09/2015
	\$'000	\$'000	\$'000	\$'000
Revenue	1,382,346	1,193,695	3,854,732	3,347,702
Cost of sales	(726,242)	(680,040)	(2,131,306)	(1,943,579)
Gross Profit	656,104	513,655	1,723,426	1,404,123
Other Operating income	34,194	139,561	182,325	219,526
Administrative expenses	(282,262)	(239,029)	(741,265)	(635,877)
Operating Profit	408,036	414,187	1,164,486	987,772
Finance costs	(46,472)	(45,456)	(153,060)	(130,611)
Profit before Taxation	361,564	368,731	1,011,426	857,161
Taxation	(46,416)	(41,327)	(132,974)	(98,478)
Net Profit for the Period	315,148	327,404	878,452	758,683
Net Profit Attributable to:				
Equity holders of the company	309,796	324,261	864,360	751,223
Minority interest	5,352	3,143	14,092	7,460
	315,148	327,404	878,452	758,683
Number of Stock Units Issued ('000)	1,430,200	1,430,200	1,430,200	1,430,200
EARNINGS PER STOCK UNIT attributable to the stockholders of the company expressed in cents per share	21.66	22.67	60.44	52.53

Kingston Wharves Limited
Group Statement of Comprehensive Income (Unaudited)
Nine months ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 30/09/2016	3 Months to 30/09/2015	9 Months to 30/09/2016	9 Months to 30/09/2015
	\$'000	\$'000	\$'000	\$'000
Net Profit for the Period	315,148	327,404	878,452	758,683
Other Comprehensive Income				
Derecognition of revaluation surplus on disposal of property, plant and equipment	-	-	-	(245,000)
Deferred tax effect on derecognition of revaluation surplus	-	-	-	-
Effect of change in tax rate on comprehensive income	(74,811)	(9,038)	(156,530)	65,375
Other Comprehensive Income for period net of Tax	<u>(74,811)</u>	<u>(9,038)</u>	<u>(156,530)</u>	<u>(179,625)</u>
Total Comprehensive Income	<u>240,337</u>	<u>318,366</u>	<u>721,922</u>	<u>579,058</u>
Total Comprehensive Income Attributable to:				
Equity holders of the company	234,985	315,223	707,830	571,598
Minority interest	5,352	3,143	14,092	7,460
	<u>240,337</u>	<u>318,366</u>	<u>721,922</u>	<u>579,058</u>

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Nine Months ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics and Ancilliary Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	2,978,699	876,033	-	3,854,732
Operating revenue from segments	6,716	52,240	(58,956)	-
Total revenue	2,985,415	928,273	(58,956)	3,854,732
Operating profit/(loss)	766,154	298,966	(3,282)	1,061,838
Interest expense	(80,223)	(23,108)	3,282	(100,049)
	685,931	275,858	-	961,789
Foreign exchange gain/(loss)				49,637
Profit before income tax				1,011,426
Income tax expense				(132,974)
Profit before non-controlling interest				878,452
Non-controlling interest				(14,092)
Net profit attributable to equity holders of the company				864,360
Segment assets	20,594,232	1,838,241	(130,634)	22,301,839
Unallocated assets				630,928
Total assets				22,932,767
Segment liabilities	2,922,476	418,428	(58,603)	3,282,301
Unallocated liabilities				1,554,618
Total liabilities				4,836,919
Other segment items:				
Interest income	51,824	31,580	(3,282)	80,122
Capital expenditure	1,551,651	21,637	-	1,573,288
Capital expenditure-Intangible	29,127	-	-	29,127
Depreciation & Amortisation	409,939	18,521	-	428,460

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Nine Months ended 30 September 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics and Ancillary Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	2,595,009	752,693	-	3,347,702
Operating revenue from segments	4,205	47,510	(51,715)	-
Total revenue	2,599,214	800,203	(51,715)	3,347,702
Operating profit/(loss)	712,354	217,728	(4,524)	925,558
Interest expense	(69,096)	(25,082)	4,524	(89,654)
	643,258	192,646	-	835,904
Foreign exchange gain/(loss)				21,258
Profit before income tax				857,162
Income tax expense				(98,478)
Profit before non-controlling interest				758,683
Non-controlling interest				(7,460)
Net profit attributable to equity holders of the company				751,223
Segment assets	18,704,915	1,726,175	(169,410)	20,261,680
Unallocated assets				689,744
Total assets				20,951,424
Segment liabilities	1,834,264	417,073	(97,381)	2,153,956
Unallocated liabilities				1,395,501
Total liabilities				3,549,457
Other segment items:				
Interest income	34,731	23,806	(4,020)	54,517
Capital expenditure	617,785	7,590	-	625,375
Depreciation & Amortisation	428,845	23,312	-	452,157

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Nine Months ended 30 September 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total	Minority Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	2,079,398	10,979,829	215,668	3,683,366	16,958,261	66,196	17,024,457
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	186	(186)	-	-	-
Total comprehensive income for period	-	(179,625)	-	751,223	571,598	7,460	579,058
Effect of change in tax rate on deferred taxation	-	(58,530)	-	-	(58,530)	-	(58,530)
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 payable to shareholders	-	-	-	(143,020)	(143,020)	-	(143,020)
Balance at 30 September 2015	2,079,398	10,751,108	215,854	4,281,949	17,328,309	73,656	17,401,965
Balance at 1 January 2016	2,079,398	10,760,607	215,917	4,440,974	17,496,896	77,258	17,574,154
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	176	(176)	-	-	-
Total comprehensive income for period	-	-	-	864,360	864,360	14,092	878,452
Effect of change in tax rate on deferred taxation	-	(156,530)	-	-	(156,530)	-	(156,530)
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 paid to shareholders	-	-	-	(200,228)	(200,228)	-	(200,228)
Balance at 30 September 2016	2,079,398	10,613,511	216,093	5,095,496	18,004,498	91,350	18,095,848

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Nine Months ended 30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

	September 2016	September 2015
	J\$'000	J\$'000
Cash Provided from Operating Activities		
Net Profit	878,452	758,684
Adjustments for:		
Amortisation	81,171	58,467
Depreciation	347,290	452,157
Provision for impairment	-	-
Net Foreign exchange adjustment	(49,637)	(15,706)
(Gain)/Loss on disposal of property, plant & equipment	680	4,726
Interest Income	(80,122)	(47,545)
Interest Expense	100,049	84,441
Taxation	132,974	98,478
	1,410,857	1,393,702
Changes in operating assets and liabilities:		
Inventories	(70,064)	(20,628)
Trade and other receivables	(263,244)	146,042
Trade and other payables	158,354	(47,157)
Receivable from the Port Authority of Jamaica	-	32,730
Cash provided by operations	1,235,903	1,504,689
Tax paid	(167,734)	(71,455)
Net cash provided by operating activities	1,068,169	1,433,234
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,573,288)	(588,982)
Purchase of Intangibles	(29,127)	(36,392)
Proceeds from sale of property plant and equipment	7,699	9,467
Purchase of SAJP shares	(2,172)	(84,347)
Dividend received	773	-
Interest received	82,201	47,617
Cash used in investing activities	(1,513,914)	(652,637)
Cash Flows from Financing Activities		
Dividends paid	(414,758)	(286,040)
Long term loans received	1,275,250	-
Long term loans repaid	(389,569)	(314,398)
Interest paid	(101,337)	(84,778)
Net cash provided by/(used in) financing activities	369,586	(685,216)
Net increase/(decrease) in cash and cash equivalents	(76,159)	95,382
Net cash and cash equivalents at beginning of period (January 1,2016)	3,019,868	2,909,435
Exchange adjustment on foreign currency cash and cash equivalents	96,483	21,303
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,040,192	3,026,120
Comprising:		
Cash and bank	250,571	1,115,985
Short term investments	2,789,621	1,910,135
	3,040,192	3,026,120

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) for nine months ended 30 September 2016

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, logistics services, security services and the rental of and repairs to 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 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 2016 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 2015.

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.

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) for nine months ended 30 September 2016

4. Fixed Assets

All fixed assets are initially recorded at cost. Freehold land, plant and building are subsequently shown at market value, based on periodic (triennial) valuations by external independent valuers, less subsequent depreciation of plant and building. All other fixed assets are carried at cost less accumulated depreciation.

5. Intangible Assets

Separately acquired rights and benefits under third party contracts with a finite useful life are shown at historical cost less subsequent amortisation. This is tested annually for impairment and carried at cost less accumulated losses. Other intangible assets which include computer software licenses are shown at historical cost and amortised over their estimated useful lives.

6. Deferred Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 10.7% (2015 – 9.7%) for the parent and 25% (2015- 25%) for subsidiaries.

7. 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) Logistics and Ancillary - This incorporates the provision for logistics facilities, security services, rental of and repairs to cold storage facilities and property rental.

KINGSTON WHARVES LIMITED

TOP TEN SHAREHOLDERS AT SEPTEMBER 30, 2016

1,430,199,578

NAMES	SHAREHOLDING	% OF CAPITAL
JAMAICA PRODUCERS GROUP LTD	600,736,635	42.0037
S.B.D. LLC	300,689,810	21.0243
SHIPPING ASSOCIATION OF JAMAICA PROPERTY LIMITED	151,933,715	10.6233
KINGSTON PORTWORKERS SUPERANNUATION FUND	151,405,130	10.5863
MARITIME & TRANSPORT SERVICES LTD	71,475,924	4.9976
LANNAMAN & MORRIS (SHIPPING) LTD	28,845,258	2.0169
SAGICOR POOLED EQUITY FUND	19,638,650	1.3731
NCB INSURANCE CO LTD. - A/C WT 181	10,000,000	0.6992
JCSD TRUSTEE SERVICES LTD - SIGMA OPTIMA	6,610,287	0.4622
SEAFREIGHT LINE	6,029,108	0.4216
	1,347,364,517	94.2081
	JCSD	1,711
	MAIN REGISTER	1,271
NO. OF SHAREHOLDERS AT SEPTEMBER 30, 2016	TOTAL	2,982



KINGSTON WHARVES LIMITED

DIRECTORS & SENIOR MANAGERS' SHAREHOLDINGS AT SEPTEMBER 30, 2016

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING
DIRECTORS			
GRANTLEY STEPHENSON	331,369		
ROGER HINDS	NIL	TRANSOCEAN SHIPPING LIMITED	1,481,481
KIM CLARKE	NIL	MARITIME & TRANSPORT SERVICES LTD.	71,475,924
		SHIPPING ASSOCIATION OF JAMAICA PROPERTY LIMITED	151,933,715
	NIL	A.E. PARNELL COMPANY LIMITED	4,277,776
HARRIAT MARAGH	NIL	LANNAMAN & MORRIS SHIPPING LTD. SEAFREIGHT LINE LIMITED	28,845,258 6,029,108
CHARLES JOHNSTON	24,458	JAMAICA FRUIT & SHIPPING LIMITED JAMAICA PRODUCERS GROUP LIMITED	709,507 600,736,635
ALVIN HENRY	91,333		
KATHLEEN MOSS	2,000	JAMAICA PRODUCERS GROUP LIMITED ASSURANCE BROKERS LIMITED	600,736,635 1,000,000
JEFFREY HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED	600,736,635
MARSHALL HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED MCGOWAN PROPERTIES LIMITED	600,736,635 378,205
BRUCE BRECHEISEN	NIL	S.B.D. LLC	300,689,810
ROBERT SCAVONE	NIL		
DORIAN VALDES	NIL		

SENIOR MANAGERS

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING
ANNA HARRY	NIL		
CLOVER MOODIE	NIL		
DEAN PANTON	NIL		
JODENIA FERGUESON BRYAN	NIL		
LANCELOT GREEN	NIL		
LLOYD SMITH	NIL		
LORNA DWYER	NIL		
MARCELLO RICHARDS	NIL		
MARK WILLIAMS	NIL		
VALRIE CAMPBELL	NIL		