



KINGSTON WHARVES LIMITED

INTERIM REPORT TO STOCKHOLDERS

Unaudited Group Results for the 6 Months Ended June 30, 2022



Chairman's Statement

For the six-month period ended June 30, 2022, KWL achieved consolidated revenues of \$4.6 billion, a 16% or \$645 million increase over the corresponding period in 2021. Net profit attributable to shareholders of \$1.2 billion was down 5% relative to the prior year. Kingston Wharves holds a strong cash position that is denominated primarily in United States Dollars. The appreciation of the Jamaican dollar, relative to the US Dollar, led to an exchange loss during the reporting period; whereas in the comparable prior year period the business booked an exchange gain. Net profit excluding foreign exchange gains or losses increased 23% relative to the prior year.

Terminal Operations

The Terminal Operations Division produced strong results for the 2022 year-to-date. The Division generated operating revenue of \$3.7 billion for the six-month period, an increase of 20% over the corresponding period of the prior year. Divisional operating profits increased by 22% from \$989 million to \$1.2 billion.

The Terminal Operations Division is the larger segment of the Group, contributing 80% of revenues. The improved performance in this

division was driven by the continued increase in the company's container business.

The strong YTD results demonstrate KWL's competitiveness for shipping lines and cargo owners that seek to move cargo throughout the region. KWL will continue to invest in this business line to expand the capacity of our multi-purpose terminal and to drive long-term improvement in operating efficiency.

Logistics Services

The KWL Logistics Services Division generated revenues of \$1.4 billion, an increase of 11% over the prior year. Divisional operating profits decreased by 3% relative to 2021 from \$439 million to \$427 million. The operating performance was affected by inflationary increases in operating costs, together with the recognition of increased administrative expenses that were incurred to develop the business and its operating systems for the long term.

KW Logistics is positioning itself to lead on receipt, warehousing and delivery of cargo for the domestic and regional markets. We benefit from ongoing investment in personnel, modern purpose built logistics facilities, scanning and security systems, and integrated information technology platforms for cargo tracking, inventory control, and handling.

Outlook

The current macroeconomic environment introduces the challenge of managing through high inflation and, in turn, high interest rates and the possibility of a global economic slowdown and diminished consumer confidence. We remain convinced that Jamaica's logistics capabilities will continue to be relevant and sought after in this environment, provided that we remain price competitive and maintain our service levels. Our emphasis on price competitiveness and service will require us to continue to invest in the development of our infrastructure while supporting, motivating and developing our team. This combination of initiatives can position our business to benefit from the adverse macroeconomic conditions by providing agility, and cost effective cargo handling and storage solutions as a response to higher global logistics costs and tight labour markets in the United States.

Preliminary works are currently underway on expanding our deep-water berths, clearing yard space and improving its functionality, and developing new warehousing and logistics facilities that will allow us to capitalize on opportunities. Improvements to our berth, container yard, and cargo handling equipment and facilities, will be complemented by additional investments in digital infrastructure, such as the upgrading of our terminal operating system, expansion of e-commerce mechanisms and technologically-enabled security enhancements.

We are also hopeful that government trade policy, regulatory framework and cost structure will also be modernized as part of the process of improving Jamaica's competitive position. These developments will strengthen KWL's prospects as a multi-purpose port terminal and bolster its role as a strategic gateway for domestic and transshipment cargo.

I take this opportunity to thank the Board, the KWL team and all our stakeholders for their continued support.

Jeffrey Hall
Chairman

Kingston Wharves Limited
Consolidated Income Statement (Unaudited)
Six Months Ended 30 June 2022

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 30/06/2022 \$'000	3 Months to 30/06/2021 \$'000	6 Months to 30/06/2022 \$'000	6 Months to 30/06/2021 \$'000
Revenue	2,314,255	2,064,107	4,560,232	3,914,824
Cost of sales	(1,204,377)	(1,010,903)	(2,353,249)	(1,986,004)
Gross Profit	1,109,878	1,053,204	2,206,983	1,928,820
Other operating income	(59,832)	144,910	20,245	264,867
Administrative expenses	(376,972)	(294,310)	(757,731)	(609,160)
Operating Profit	673,074	903,804	1,469,497	1,584,527
Finance costs	(29,712)	(33,932)	(56,764)	(69,689)
Profit Before Taxation	643,362	869,872	1,412,733	1,514,838
Taxation	(95,914)	(130,565)	(186,423)	(215,278)
Net Profit for the Period	547,448	739,307	1,226,310	1,299,560

Net Profit Attributable to:

Equity holders of the company	541,175	728,026	1,211,823	1,275,795
Minority interest	6,273	11,281	14,487	23,765
	547,448	739,307	1,226,310	1,299,560

EARNINGS PER STOCK UNIT

attributable to the stockholders of the company
expressed in cents per share

Based on stock units in issue	37.84	50.90	84.73	89.20
After exclusion of stock units held by ESOP	37.85	50.92	84.76	89.23

Kingston Wharves Limited
Consolidated Statement of Comprehensive Income (Unaudited)
Six Months Ended 30 June 2022

(expressed in Jamaican dollars unless otherwise indicated)


	3 Months to 30/06/2022 \$'000	3 Months to 30/06/2021 \$'000	6 Months to 30/06/2022 \$'000	6 Months to 30/06/2021 \$'000
Net Profit for the Period	547,448	739,307	1,226,310	1,299,560
Other Comprehensive Income				
Effect of change in tax rate on deferred taxation on revaluation surplus	-	-	-	108,666
Other Comprehensive Income for period	-	-	-	108,666
Total Comprehensive Income	547,448	739,307	1,226,310	1,408,226
Total Comprehensive Income Attributable to:				
Equity holders of the company	541,175	728,026	1,211,823	1,384,461
Minority interest	6,273	11,281	14,487	23,765
	547,448	739,307	1,226,310	1,408,226

Kingston Wharves Limited
Consolidated Statement of Financial Position (Unaudited)
As At 30 June 2022


(expressed in Jamaican dollars unless otherwise indicated)

	Jun-22 \$ '000	Jun-21 \$ '000	Audited Dec-21 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	27,818,154	27,779,083	27,510,200
Right of Use Asset	57,421	142,883	109,909
Investment Property	548,823	556,742	552,783
Intangible asset	61,689	84,015	76,439
Financial assets at fair value through other comprehensive income	449,617	537,111	449,617
Deferred income tax assets	2,983	9,458	8,765
Retirement benefit asset	1,698,874	1,549,850	1,698,874
	<u>30,637,561</u>	<u>30,659,142</u>	<u>30,406,587</u>
Current Assets			
Inventories	495,003	448,899	442,923
Trade and other receivables	1,040,841	842,665	868,765
Taxation recoverable	56,070	16,395	30,482
Short term investments	8,823,261	7,201,937	9,077,893
Cash and bank	498,363	439,168	480,393
	<u>10,913,538</u>	<u>8,949,064</u>	<u>10,900,456</u>
Total Assets	<u>41,551,099</u>	<u>39,608,206</u>	<u>41,307,043</u>
EQUITY			
Stockholders' Equity			
Share capital	1,976,298	2,043,744	1,970,228
Capital reserves	18,945,397	19,021,362	18,939,107
Asset replacement/rehabilitation and depreciation reserves	217,248	216,864	217,024
Retained earnings	14,703,979	12,355,877	13,841,920
	<u>35,842,922</u>	<u>33,637,847</u>	<u>34,968,279</u>
Minority Interest	285,541	239,856	271,054
	<u>36,128,463</u>	<u>33,877,703</u>	<u>35,239,333</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	1,237,650	1,117,467	1,488,669
Lease liability	31,499	51,135	72,927
Deferred income tax liabilities	1,662,487	1,626,176	1,700,180
Retirement benefit obligations	396,749	384,517	396,749
	<u>3,328,385</u>	<u>3,179,295</u>	<u>3,658,525</u>
Current Liabilities			
Trade and other payables	1,512,708	1,993,091	1,668,673
Taxation	11,654	37,171	137,289
Borrowings	527,243	434,188	557,997
Current portion of lease/longterm liability	42,646	86,758	45,226
	<u>2,094,251</u>	<u>2,551,208</u>	<u>2,409,185</u>
Total Equity and Liabilities	<u>41,551,099</u>	<u>39,608,206</u>	<u>41,307,043</u>

Approved for issue by the Board of Directors on 11 August 2022 and signed on its behalf by:



 Jeffrey Hall Chairman



 Mark Williams Director

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Six Months Ended 30 June 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the company						
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total	Minority Interest	Total Equity
			\$'000				
Balance at 1 January 2021	2,043,744	18,905,357	216,761	11,416,470	32,582,332	216,091	32,798,423
Profit for the year	-	-	-	1,275,795	1,275,795	23,765	1,299,560
Other comprehensive income	-	108,666	-	-	108,666	-	108,666
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	103	(103)	-	-	-
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	7,339	(7,339)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	-	7,339	(7,339)	-	-	-	-
Transactions with owners:							
Dividends	-	-	-	(328,946)	(328,946)	-	(328,946)
Balance at 30 June 2021	2,043,744	19,021,362	216,864	12,355,877	33,637,847	239,856	33,877,703
Balance at 1 January 2022	1,970,228	18,939,107	217,024	13,841,920	34,968,279	271,054	35,239,333
Profit for the year	-	-	-	1,211,823	1,211,823	14,487	1,226,310
Other comprehensive income	-	-	-	-	-	-	-
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	224	(224)	-	-	-
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	6,290	(6,290)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	-	6,290	(6,290)	-	-	-	-
Transactions with owners:							
Sale of Treasury shares	6,070	-	-	-	6,070	-	6,070
Dividends	-	-	-	(343,250)	(343,250)	-	(343,250)
Balance at 30 June 2022	1,976,298	18,945,397	217,248	14,703,979	35,842,922	285,541	36,128,463

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Six Months Ended 30 June 2022

(expressed in Jamaican dollars unless otherwise indicated)

	June 2022 \$'000	June 2021 \$'000
Cash Provided from Operating Activities		
Net Profit	1,226,310	1,299,560
Adjustments for:		
Amortisation	14,750	15,999
Depreciation	464,715	439,680
Net foreign exchange gain	165,610	(156,562)
Gain on disposal of property, plant & equipment	-	(1,367)
Interest Income	(183,379)	(106,921)
Finance costs	56,764	69,689
Taxation	186,423	215,278
	<u>1,931,193</u>	<u>1,775,356</u>
Changes in operating assets and liabilities:		
Inventories	(52,080)	(35,047)
Trade and other receivables	(172,076)	(103,093)
Trade and other payables	30,143	701,169
Cash provided by operations	<u>1,737,180</u>	<u>2,338,385</u>
Tax paid	(340,970)	(246,843)
Net cash provided by operating activities	<u>1,396,210</u>	<u>2,091,542</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(735,737)	(938,211)
Proceeds from sale of property plant and equipment	-	1,367
Short term investments with maturities in excess of three months	-	(618,251)
Interest received	176,828	102,491
Cash used in investing activities	<u>(558,909)</u>	<u>(1,452,604)</u>
Cash Flows from Financing Activities		
Dividends paid	(529,358)	(485,747)
Sale of treasury shares	6,290	-
Interest paid	(50,336)	(41,833)
Lease payment made	(48,688)	(46,808)
Loans received	-	100,000
Loans repaid	(281,768)	(229,091)
Net cash used in financing activities	<u>(903,860)</u>	<u>(703,479)</u>
Net decrease in cash and cash equivalents	(66,559)	(64,541)
Net cash and cash equivalents at beginning of period	9,558,286	6,793,720
Exchange adjustment on foreign currency cash and cash equivalents	(170,103)	152,906
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>9,321,624</u></u>	<u><u>6,882,085</u></u>
Comprising:		
Cash and bank	498,363	439,168
Short term investments	8,823,261	6,442,917
Cash and Cash Equivalents at End of Period	<u>9,321,624</u>	<u>6,882,085</u>
Short term investments with maturities in excess of three months	-	759,020
Total Cash and Bank and Short Term Investments	<u><u>9,321,624</u></u>	<u><u>7,641,105</u></u>

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Six Months Ended 30 June 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	3,260,755	1,299,477	-	4,560,232
Operating revenue from segments	404,665	92,310	(496,975)	-
Total revenue	3,665,420	1,391,787	(496,975)	4,560,232
Operating profit	1,208,536	426,571	-	1,635,107
Foreign exchange gain/(loss)	(139,246)	(26,364)		(165,610)
Finance costs	(48,419)	(48,089)	39,744	(56,764)
Profit before income tax				1,412,733
Income tax expense				(186,423)
Profit before non-controlling interest				1,226,310
Non-controlling interest				(14,487)
Net profit attributable to equity holders of the company				1,211,823
Segment assets	34,111,739	7,127,882	(1,446,449)	39,793,172
Unallocated assets				1,757,927
Total assets				41,551,099
Segment liabilities	3,705,853	971,922	(1,326,029)	3,351,746
Unallocated liabilities				2,070,890
Total liabilities				5,422,636
Other segment items:				
Interest income	179,791	23,505	(19,916)	183,380
Capital expenditure	735,394	340	-	735,734
Depreciation & Amortization	357,364	155,973	(33,872)	479,465

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Six Months Ended 30 June 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	2,721,890	1,192,934	-	3,914,824
Operating revenue from segments	330,218	55,874	(386,092)	-
Total revenue	3,052,108	1,248,808	(386,092)	3,914,824
Operating profit	989,358	438,607	-	1,427,965
Foreign exchange gains	124,641	31,921	-	156,562
Finance costs	(66,588)	(41,913)	38,812	(69,689)
Profit before income tax				1,514,838
Income tax expense				(215,278)
Profit before non-controlling interest				1,299,560
Non-controlling interest				(23,765)
Net profit attributable to equity holders of the company				1,275,795
Segment assets	32,410,552	6,856,197	(1,234,246)	38,032,503
Unallocated assets				1,575,703
Total assets				39,608,206
Segment liabilities	3,977,012	811,014	(1,119,824)	3,668,202
Unallocated liabilities				2,062,301
Total liabilities				5,730,503
Other segment items:				
Interest income	110,474	16,377	(19,916)	106,935
Capital expenditure	935,749	2,462	-	938,211
Depreciation & Amortisation	339,764	115,915	-	455,679

*The comparative information has been restated to conform with the current year segment allocation. The impact of the restatement did not result in any amendments to the Group totals.

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) For Six Months ended 30 June 2022

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, stevedoring, logistics services and security services.

The wharfage rates and specified 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 Total Logistics Facility, 195 Second Street, Newport West, Kingston.

2. Basis of Preparation

The condensed interim financial information for the period ended 30 June 2022 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 2021.

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 Six Months ended 30 June 2022

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. Leases

The Group acting as lessee, recognises a right-of-use asset and a lease liability for all leases with a term of more than 12 months.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

6. 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.

7. Investment Property

The investment property is carried at cost less accumulated depreciation. It is leased to tenants under long-term operating leases with rentals payable monthly.

8. Cash & Cash Equivalents

Net cash and cash equivalents at the end of the period represents cash and bank and short term deposits.

9. Deferred Tax

Deferred income taxes are calculated on all temporary differences under the liability method using a tax rate of 12.5% (2021 – 12.5%) for the parent and 12.5% or 25% (2021- 12.5% or 25%) for subsidiaries.

10. Segment Reporting

Segment information is presented in respect of the Group's strategic business segments. The identification of the business segments is based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

The Group's business segment reflect its current strategy and focus. The profit or loss before finance cost and taxation is used to measure the segment result. 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 Services - This incorporates the provision of logistics facilities, port security services, rental of cold storage facilities and property rental.

The Group has restructured its operations to greater align the entities with the core activities within the defined segments. This has resulted in a reallocation of revenue and administrative costs to the logistics segment from terminal. Comparable adjustments have been made to the prior year performance.

11. Employee Share Ownership Trust

The company has an Employee Share Ownership Trust and earnings per share is calculated by dividing profit attributable to the Group by the number of ordinary shares in issue excluding those held by the ESOP during the period.

KINGSTON WHARVES LIMITED

TOP TEN SHAREHOLDERS AT JUNE 30, 2022

NAMES	SHAREHOLDING	% OF CAPITAL
JAMAICA PRODUCERS GROUP LTD	601,184,005	42.03
S.B.D. LLC	300,689,810	21.02
KINGSTON PORTWORKERS SUPERANNUATION FUND	123,844,292	8.66
SAJE LOGISTICS INFRASTRUCTURE LIMITED	113,206,289	7.92
MARITIME & TRANSPORT SERVICES LTD	68,125,418	4.76
SAGICOR POOLED EQUITY FUND	32,859,889	2.30
LANNAMAN & MORRIS (SHIPPING) LTD	28,845,258	2.02
GUARDIAN LIFE LIMITED	21,844,844	1.53
PANJAM INVESTMENT LIMITED	11,064,715	0.77
NCB INSURANCE CO LTD. - A/C WT 181	9,000,000	0.63
	1,310,664,520	91.64
	JCSD	3,630
	MAIN REGISTER	1,216
NO. OF SHAREHOLDERS AT JUNE 30, 2022	TOTAL	4,846

KINGSTON WHARVES LIMITED

DIRECTORS' SHAREHOLDINGS AT JUNE 30, 2022

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
DIRECTORS				
BRUCE BRECHEISEN	NIL	S.B.D. LLC	300,689,810	300,689,810
KIM CLARKE	NIL	MARITIME & TRANSPORT SERVICES LTD. SAJE LOGISTICS INFRASTRUCTURE LIMITED A.E. PARNELL COMPANY LIMITED	68,125,418 113,206,289 4,277,776	185,609,483
JEFFREY HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	601,184,005 113,206,289	714,390,294
MARSHALL HALL	NIL	JAMAICA PRODUCERS GROUP LIMITED	601,184,005	601,184,005
ROGER HINDS	NIL	TRANSOCEAN SHIPPING LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	1,481,481 113,206,289	114,687,770
CHARLES JOHNSTON	57,160	JAMAICA FRUIT & SHIPPING LIMITED JAMAICA PRODUCERS GROUP LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	381,068 601,184,005 113,206,289	714,828,522
CHARMAINE MARAGH	NIL	LANNAMAN & MORRIS SHIPPING LTD.	28,845,258	28,845,258
KATHLEEN MOSS	2,000	JAMAICA PRODUCERS GROUP LIMITED	601,184,005	601,186,005
ROBERT SCAVONE	NIL			NIL
GRANTLEY STEPHENSON	193,981	SAJE LOGISTICS INFRASTRUCTURE LIMITED	113,206,289	113,400,270
DORIAN VALDES	NIL			NIL
MARK WILLIAMS	266,888			266,888

KINGSTON WHARVES LIMITED**SENIOR MANAGERS' SHAREHOLDINGS AT JUNE 30, 2022**

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
VALRIE CAMPBELL	25,000	-	-	25,000
LANCELOT GREEN	3,900	-	-	3,900
FRANCES MIGHTY-HUTCHINSON	NIL	-	-	NIL
CLOVER MOODIE	75,000	-	-	75,000
STEPHAN MORRISON	NIL	-	-	NIL
CAPTAIN GEORGE REYNOLDS	NIL	-	-	NIL
DENISE WALCOTT-SAMUELS	NIL	-	-	NIL