



KINGSTON WHARVES LIMITED Interim Report to Stockholders

Unaudited Group Results for the
3 months Ended 31st March 2023



Chairman's Statement

For the three-month period ended March 31, 2023, KWL achieved consolidated revenues of \$2.3 billion, a 2% or \$44 million increase over the corresponding period in 2022. Net profit attributable to shareholders of \$684 million also increased by 2% relative to the prior year. Earnings per share for the quarter was 47.79 cents, compared to 46.89 cents in prior year.

Terminal Operations

The Terminal Operations Division generated operating revenue of \$1.8 billion for the three-month period, a decrease of 1% over the corresponding period of the prior year. Divisional operating profits decreased by 8% from \$626 million to \$574 million.

The Division is the larger segment of the Group, contributing 70% of revenues. The operating performance was mainly affected by inflationary increases in operating costs due to general macroeconomic factors and a marginal decrease in container volumes.

Kingston Wharves' competitive position continues to be strong, but the volumes of cargo

that is handled will be affected by the impact of interest rates and inflation on consumer and business confidence.

Logistics Services

The KWL Logistics Services Division generated revenues of \$743 million, an increase of \$69 million over the prior year. Divisional operating profits increased by \$53 million relative to 2022 from \$173 million to \$226 million.

The strong performance of this division is primarily due to an increase in third-party logistics solutions arising from onboarding of new clients. KWL offers customized logistics services to customers in a range of sectors spanning telecommunications, the automotive trade and manufacturing.

KWL is benefiting from its position as a lead logistics provider with a suite of offerings including receipt, warehousing and delivery of cargo for domestic and regional markets through its purpose built facilities and integrated technology platforms.

Outlook

Kingston Wharves continues to offer integrated solutions for the movement of cargo throughout the global supply chain. As a multi-purpose port, we handle a range of cargo types including bulk, breakbulk, automotive and containerized cargo. We partner with major international carriers to afford connections to some 45 destinations in the Caribbean and Latin American and to select ports worldwide.

We remain committed to enhancing our operational efficiency through investment in our people and processes while making strategic capital investment to modernise and expand terminal and logistics infrastructure. Our Berth 7 reconstruction project has made significant progress and should be completed at the end of the third quarter. The project, which will result in a longer continuous quay and a deeper draft, will enable Kingston Wharves to simultaneously accommodate the loading and discharge of multiple larger vessels. This enhanced capacity is crucial to KWL's value proposition and strategic growth prospects.

These developments will complement related initiatives to improve the functionality of our yard space that adjoins our berths. Our development of a modular warehousing and logistics center at Ashenheim Road in Kingston will provide dry and cold chain storage for local and regional manufacturers and distributors. Additional motor vehicle storage will also be established within the port boundary and at near port locations. These facilities will free-up yard space to handle increased volumes from the shipping lines that we currently serve and allow us to accommodate new cargo types and additional shipping services in the future.

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)
Three Months Ended 31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 31/03/2023 \$'000	3 Months to 31/03/2022 \$'000
Revenue	2,289,944	2,245,977
Cost of sales	(1,192,603)	(1,148,872)
Gross Profit	1,097,341	1,097,105
Other operating income	146,860	80,077
Administrative expenses	(410,071)	(380,759)
Operating Profit	834,130	796,423
Finance costs	(26,853)	(27,052)
Profit Before Taxation	807,277	769,371
Taxation	(116,195)	(90,509)
Net Profit for the Period	691,082	678,862
Total Comprehensive Income	691,082	678,862
Total Comprehensive Income Attributable to:		
Equity holders of the company	683,536	670,648
Minority interest	7,546	8,214
	691,082	678,862
EARNINGS PER STOCK UNIT		
attributable to the stockholders of the company expressed in cents per share		
Based on stock units in issue	47.79	46.89
After exclusion of stock units held by ESOP	47.81	46.91


Kingston Wharves Limited
Consolidated Statement of Financial Position (Unaudited)
As At 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Mar-23 \$ '000	Mar-22 \$ '000	Audited Dec-22 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	30,726,802	27,391,196	29,299,590
Right of Use Asset	27,477	93,424	43,963
Investment Property	542,885	550,803	544,865
Intangible asset	39,654	68,888	46,222
Financial assets at fair value through other comprehensive income	449,617	449,617	449,617
Deferred income tax assets	1,849	2,043	4,267
Retirement benefit asset	558,899	1,698,874	558,899
	32,347,183	30,254,845	30,947,423
Current Assets			
Inventories	585,951	476,595	572,780
Trade and other receivables	1,125,756	1,043,673	841,936
Taxation recoverable	92,644	39,379	42,640
Short term investments	8,298,566	8,988,314	9,632,840
Cash and bank	691,666	499,079	642,950
	10,794,583	11,047,040	11,733,146
Total Assets	43,141,766	41,301,885	42,680,569
EQUITY			
Stockholders' Equity			
Share capital	1,977,548	1,975,804	1,976,298
Capital reserves	18,954,831	18,942,252	18,951,686
Asset replacement/rehabilitation and depreciation reserves	217,786	217,130	217,577
Retained earnings	15,362,193	14,509,317	14,682,011
	36,512,358	35,644,503	35,827,572
Minority Interest	323,043	279,268	315,497
	36,835,401	35,923,771	36,143,069
LIABILITIES			
Non-current Liabilities			
Borrowings	2,059,251	1,353,338	1,633,056
Lease liability	-	54,235	-
Deferred income tax liabilities	1,541,688	1,695,155	1,514,386
Retirement benefit obligations	258,749	396,749	258,749
	3,859,688	3,499,477	3,406,191
Current Liabilities			
Trade and other payables	1,642,899	1,273,669	2,165,247
Taxation	4,532	7,683	66,108
Borrowings	772,981	552,442	855,613
Current portion of lease/longterm liability	26,265	44,843	44,341
	2,446,677	1,878,637	3,131,309
Total Equity and Liabilities	43,141,766	41,301,885	42,680,569

Approved for issue by the Board of Directors on 11 May 2023 and signed on its behalf by:


 Jeffrey Hall Chairman


 Mark Williams Director

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Three Months Ended 31 March 2023
(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the company							
	Share Capital \$'000	Capital Reserves \$'000	Asset Replacement/ Rehabilitation and Depreciation Reserves \$'000		Retained Earnings \$'000	Total \$'000	Minority Interest \$'000	Total Equity \$'000
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 period	-	-	-	670,648	670,648	8,214	678,862	
	-	-	-	670,648	670,648	8,214	678,862	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	106	(106)	-	-	-	
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	3,145	(3,145)	-	-	-	
Transfer from asset replacement/rehabilitation and depreciation reserves	-	3,145	(3,145)	-	-	-	-	
Transactions with owners:								
Sale of treasury shares	5,576	-	-	-	5,576	-	5,576	
Dividends	-	-	-	-	-	-	-	
Balance at 31 March 2022	1,975,804	18,942,252	217,130	14,509,317	35,644,503	279,268	35,923,771	
Balance at 1 January 2023	1,976,298	18,951,686	217,577	14,682,011	35,827,572	315,497	36,143,069	
Profit for the period	-	-	-	683,536	683,536	7,546	691,082	
	-	-	-	683,536	683,536	7,546	691,082	
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	209	(209)	-	-	-	
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	3,145	(3,145)	-	-	-	
Transfer from asset replacement/rehabilitation and depreciation reserves	-	3,145	(3,145)	-	-	-	-	
Transactions with owners:								
Sale of treasury shares	1,250	-	-	-	1,250	-	1,250	
Balance at 31 March 2023	1,977,548	18,954,831	217,786	15,362,193	36,512,358	323,043	36,835,401	

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Three Months Ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	March 2023 \$'000	March 2022 \$'000
Cash Provided from Operating Activities		
Net Profit	691,082	678,862
Adjustments for:		
Amortisation	6,567	7,551
Depreciation	225,412	233,056
Net foreign exchange (gain)/loss	(33,553)	3,014
Gain on disposal of property, plant & equipment	(413)	-
Interest Income	(102,105)	(83,091)
Finance costs	27,160	27,052
Taxation	116,195	90,509
	<u>930,345</u>	<u>956,953</u>
Changes in operating assets and liabilities:		
Inventories	(13,171)	(33,672)
Trade and other receivables	(283,820)	(174,706)
Trade and other payables	93,159	134,354
Cash provided by operations	<u>726,513</u>	<u>882,929</u>
Tax paid	(198,074)	(222,614)
Net cash provided by operating activities	<u>528,439</u>	<u>660,315</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,634,144)	(95,788)
Proceeds from sale of property plant and equipment	413	-
Interest received	117,495	85,343
Cash used in investing activities	<u>(1,516,236)</u>	<u>(10,445)</u>
Cash Flows from Financing Activities		
Dividends paid	(615,507)	(529,358)
Sale of treasury shares	1,250	5,576
Lease payment made	(24,121)	(24,448)
Loans received	490,000	-
Loans repaid	(146,442)	(140,882)
Interest paid	(27,466)	(25,291)
Net cash used in financing activities	<u>(322,286)</u>	<u>(714,403)</u>
Net decrease in cash and cash equivalents	(1,310,083)	(64,533)
Net cash and cash equivalents at beginning of period	10,275,790	9,558,286
Exchange adjustment on foreign currency cash and cash equivalents	24,525	(6,360)
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>8,990,232</u>	<u>9,487,393</u>
Comprising:		
Cash and bank	691,666	499,079
Short term investments	8,298,566	8,988,314
Cash and Cash Equivalents at End of Period	<u>8,990,232</u>	<u>9,487,393</u>
Total Cash and Bank and Short Term Investments	<u>8,990,232</u>	<u>9,487,393</u>

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months Ended 31 March 2023

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,601,761	688,183	-	2,289,944
Operating revenue from segments	194,698	54,787	(249,485)	(0)
Total revenue	1,796,459	742,970	(249,485)	2,289,944
Operating profit	574,470	226,106	-	800,576
Foreign exchange gains	20,801	12,753	-	33,554
Finance costs	(23,017)	(23,037)	19,201	(26,853)
Profit before income tax				807,277
Income tax expense				(116,195)
Profit before non-controlling interest				691,082
Non-controlling interest				(7,546)
Net profit attributable to equity holders of the company				683,536
Segment assets	36,380,285	7,219,013	(1,110,925)	42,488,373
Unallocated assets				653,393
Total assets				43,141,766
Segment liabilities	4,754,317	729,144	(982,065)	4,501,396
Unallocated liabilities				1,804,969
Total liabilities				6,306,365
Other segment items:				
Interest income	93,626	18,456	(9,977)	102,105
Capital expenditure	654,839	979,305	-	1,634,144
Depreciation & Amortization	171,200	78,289	(17,510)	231,979

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months Ended 31 March 2022

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,619,252	626,725	-	2,245,977
Operating revenue from segments	188,936	46,354	(235,290)	-
Total revenue	1,808,188	673,079	(235,290)	2,245,977
Operating profit	626,194	173,243	-	799,437
Foreign exchange (losses)/ gains	(3,018)	4	-	(3,014)
Finance costs	(23,085)	(24,142)	20,175	(27,052)
Profit before income tax				769,371
Income tax expense				(90,509)
Profit before non-controlling interest				678,862
Non-controlling interest				(8,214)
Net profit attributable to equity holders of the company				670,648
Segment assets	33,783,921	7,024,696	(1,247,028)	39,561,589
Unallocated assets				1,740,296
Total assets				41,301,885
Segment liabilities	3,526,842	881,850	(1,130,165)	3,278,527
Unallocated liabilities				2,099,587
Total liabilities				5,378,114
Other segment items:				
Interest income	81,913	11,130	(9,952)	83,091
Capital expenditure	95,448	340	-	95,788
Depreciation & Amortization	207,016	50,527	(16,936)	240,607

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) For Three Months ended 31 March 2023

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 31 March 2023 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 2022.

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 Three Months ended 31 March 2023

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% (2022 – 12.5%) for the parent and 12.5% or 25% (2022- 12.5% or 25%) for subsidiaries.

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) For Three Months ended 31 March 2023

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.

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 MARCH 31, 2023

NAMES	SHAREHOLDING	% OF CAPITAL
JP GLOBAL HOLDINGS LIMITED	601,184,005	42.03
S.B.D. LLC	300,689,810	21.02
KINGSTON PORTWORKERS SUPERANNUATION FUND	117,143,711	8.19
SAJE LOGISTICS INFRASTRUCTURE LIMITED	102,729,744	7.18
MARITIME & TRANSPORT SERVICES LTD	68,125,418	4.76
SAGICOR POOLED EQUITY FUND	37,859,889	2.65
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	8,998,889	0.63
	1,298,486,283	90.79
	JCSD	3,764
	MAIN REGISTER	1,212
NO. OF SHAREHOLDERS AT MARCH 31, 2023	TOTAL	4,976

KINGSTON WHARVES LIMITED

DIRECTORS' SHAREHOLDINGS AT MARCH 31, 2023

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	68,125,418 102,729,744 4,277,776	175,132,938
JEFFREY HALL	NIL	JP GLOBAL HOLDINGS LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	601,184,005 102,729,744	703,913,749
ROGER HINDS	NIL	TRANSOCEAN SHIPPING LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	1,481,481 102,729,744	104,211,225
CHARLES JOHNSTON	57,160	JAMAICA FRUIT & SHIPPING LIMITED JP GLOBAL HOLDINGS LIMITED SAJE LOGISTICS INFRASTRUCTURE LIMITED	381,068 601,184,005 102,729,744	704,351,977
CHARMAINE MARAGH	NIL	LANNAMAN & MORRIS SHIPPING LTD.	28,845,258	28,845,258
KATHLEEN MOSS	2,000	JP GLOBAL HOLDINGS LIMITED PANJAM INVESTMENT LIMITED	601,184,005 11,064,715	612,250,720
ROBERT SCAVONE	NIL		NIL	NIL
GRANTLEY STEPHENSON	194,981	SAJE LOGISTICS INFRASTRUCTURE LIMITED	102,729,744	102,924,725
DORIAN VALDES	NIL		NIL	NIL
MARK WILLIAMS	302,601		NIL	302,601

KINGSTON WHARVES LIMITED

SENIOR MANAGERS' SHAREHOLDINGS AT MARCH 31, 2023

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING	TOTAL
VALRIE CAMPBELL	35,723	-	-	35,723
LANCELOT GREEN	3,900	-	-	3,900
FRANCES MIGHTY-HUTCHINSON	NIL	-	-	NIL
CLOVER MOODIE	76,000	-	-	76,000
STEPHAN MORRISON	NIL	-	-	NIL
CAPTAIN GEORGE REYNOLDS	NIL	-	-	NIL
DENISE WALCOTT-SAMUELS	NIL	-	-	NIL