



KINGSTON WHARVES LIMITED

FIRST QUARTER
3 MONTHS ENDED 31 MARCH 2015

CHAIRMAN'S REPORT

The Directors of Kingston Wharves Limited are pleased to present the unaudited results of the Group for the three months ended 31 March 2015.

For the three months ended March 31, 2015 (the "2015 first quarter"), KWL generated revenues of \$1,015.6 million and earned net profits attributable to shareholders of \$187 million. Our revenues grew by \$163 million or 19% over the comparative period of the previous year and profits attributable to KWL shareholders are up by \$52 million or 38.5% relative to our 2014 results.

Earnings per stock unit for the three months was 13.08 cents compared to 9.45 cents for the corresponding period in 2014.

The positive performance for the quarter resulted mainly from increases in our handling of transshipment and domestic container volumes, break bulk tonnage and motor units. Both container and motor unit volumes increased by 13% relative to the same period in 2014. The results also reflect reduced operating expenses derived from a significant reduction in fuel costs and continued gains being realized from our focused cost management program. Foreign exchange gains and tax benefits associated with the designation of KWL as a free zone also impacted positively on the Group's results.

As part of our port expansion and terminal development program, we demolished one of three on-dock warehouses to facilitate improved productivity and increased revenue generating capacity for stevedoring and container storage. The warehouse had a net book value of \$215 million of which \$203 million represented surplus on revaluation. The surplus and related deferred taxation were written back to the reserves in accordance with IFRS.

Operating profits for Group subsidiaries Harbour Cold Stores Limited (HCSL) and Security Administrators Limited (SAL) for the 2015 first quarter was \$14.3 million compared to \$10.3 million for the corresponding period of the prior year. This represented a combined increase of 39% or \$4 million; the companies contributed 15% to the overall Group revenue for the three month period. Both subsidiaries continue to add to the competitive advantages of the Group's core business of terminal operations, providing complementary services in the areas of cold storage, refrigerated container management, training and security.

The Group's performance in the first quarter is indicative of the positive response of the market to our new business development initiatives, which are expected to continue throughout the year.

KWL's existing position as the seaport terminal now offering the most diverse range of cargo handling options nationally will now be supported by our ongoing strategic expansion into a regional hub for logistics. We are in the process commissioning custom built state-of-the-art warehouses to facilitate a new suite of value-added services to assist regional and international business with supply chain

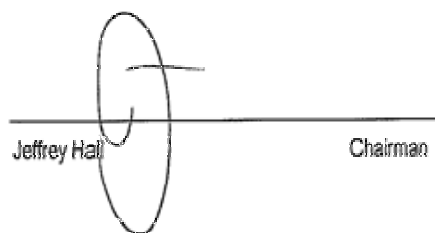
management. We are convinced that this diversification of our business model will facilitate the development of additional profitable revenue streams and enhance shareholder value. The Group is actively positioning these new services locally and to overseas interests, within the context of wider efforts to position Jamaica as a logistics hub.

We also expect to record increases throughout the year in our services offered to the automobile trade, stemming from the positioning of our facility as a niche auto-transshipment port. Notably, KWL concluded negotiations and commenced service to a major automobile brand, during the first quarter, for a new consistent service in Kingston.

KWL also established its presence as a lead sponsor at the 2015 Jamaica Investment Forum. We were excited about the prospects shown for our industry and for Jamaica generally and are satisfied that KWL will continue to play an important role in supporting national development through trade and industry.

KWL has pledged its commitment along with other Jamaican business stakeholders to the construction of an 11,000 square foot state-of-the-art infant school in the nearby Union Gardens Community. KWL has been a longstanding donor to the Union Gardens Christian Academy, which is one of a number of early childhood institutions to be merged into the new school.

I wish to thank our customers and partners for their continued confidence and support, and our Board of Directors, Management and Staff for their guidance, insight and demonstrated commitment to our success.

A handwritten signature in black ink, consisting of a large, stylized 'J' and 'H' intertwined, written over a horizontal line. The signature is positioned above the line, and the line extends to the right, ending at the word 'Chairman'. The name 'Jeffrey Hall' is printed below the line on the left side.

Jeffrey Hall Chairman

Kingston Wharves Limited
Group Income Statement (Unaudited)
Three months ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 31/03/2015	3 Months to 31/03/2014
	\$'000	\$'000
Revenue	1,015,563	852,534
Cost of sales	(600,188)	(495,543)
Gross Profit	415,375	356,991
Other Operating income	32,867	97,255
Administrative expenses	(199,125)	(193,225)
Operating Profit	249,117	261,021
Finance costs	(37,222)	(71,071)
Profit before Taxation	211,895	189,950
Taxation	(23,207)	(54,609)
Net Profit for the Period	188,688	135,341
Net Profit Attributable to:		
Equity holders of the company	187,109	135,126
Minority interest	1,579	215
	188,688	135,341
Number of Stock Units Issued ('000)	1,430,200	1,430,200
EARNINGS PER STOCK UNIT attributable to the stockholders of the company expressed in cents per share	13.08	9.45

Kingston Wharves Limited
Group Statement of Comprehensive Income (Unaudited)
31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

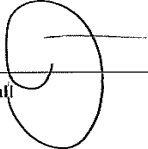
	3 Months to 31/03/2015	3 Months to 31/03/2014
	\$'000	\$'000
Net Profit for the Period	188,688	135,341
Other Comprehensive Income		
Derecognition of revaluation surplus on property, plant and equipment	(203,792)	
Deferred tax effect on derecognition of revaluation surplus	17,322	-
Other Comprehensive Income for period net of Tax	<u>(186,470)</u>	<u>-</u>
Total Comprehensive Income for the period	<u>2,218</u>	<u>135,341</u>
Total Comprehensive Income Attributable to:		
Equity holders of the company	639	135,126
Minority interest	1,579	215
	<u>2,218</u>	<u>135,341</u>

Kingston Wharves Limited
Group Statement of Financial Position (Unaudited)
31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 31/Mar/15 \$ '000	Audited 31/Dec/14 \$ '000	Unaudited 31/Mar/14 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	15,932,477	16,121,451	11,985,052
Intangible assets	348,449	367,921	409,979
Recoverable from special reserves fund	32,730	32,730	-
Due from related party	102,405	102,405	101,472
Deferred income tax assets	1,337	1,337	1,122
Retirement benefit asset	679,828	679,828	653,321
	<u>17,097,226</u>	<u>17,305,672</u>	<u>13,150,946</u>
Current Assets			
Inventories	229,566	187,420	177,736
Trade and other receivables	578,889	586,747	710,084
Taxation recoverable	8,872	11,752	10,331
Short term investments	1,645,229	1,747,912	1,865,717
Cash and bank	1,125,108	1,161,523	1,047,120
	<u>3,587,664</u>	<u>3,695,354</u>	<u>3,810,988</u>
Total assets	<u>20,684,890</u>	<u>21,001,026</u>	<u>16,961,934</u>
EQUITY			
Stockholders' Equity			
Share capital	2,079,398	2,079,398	2,079,398
Capital reserves	10,737,974	10,979,829	7,180,746
Asset replacement/rehabilitation, depreciation reserves and 16% reserves	215,730	215,668	215,457
Retained earnings	3,867,268	3,683,366	3,348,918
	<u>16,900,370</u>	<u>16,958,261</u>	<u>12,824,519</u>
Minority Interest	<u>67,775</u>	<u>66,196</u>	<u>59,749</u>
	<u>16,968,145</u>	<u>17,024,457</u>	<u>12,884,268</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	1,396,085	1,490,542	1,414,707
Deferred income tax liabilities	1,151,132	1,110,748	1,299,521
Long Term Liabilities	84,829	84,510	160,038 *
Retirement benefit obligations	201,449	201,449	179,944
	<u>2,833,495</u>	<u>2,887,249</u>	<u>3,054,210</u>
Current Liabilities			
Trade and other payables	447,783	619,722	532,629 *
Taxation	18,049	31,768	8,405
Borrowings	417,418	437,830	482,422
	<u>883,250</u>	<u>1,089,320</u>	<u>1,023,456</u>
Total equity and liabilities	<u>20,684,890</u>	<u>21,001,026</u>	<u>16,961,934</u>

Approved for issue by the Board of Directors on May 7, 2015 and signed on its behalf by:



 Jeffrey Hall Chairman



 Alvin Henry Director

*reclassification

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months ended 31 March 2015

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations \$'000	Cold Storage Services \$'000	Security Services \$'000	Other	Eliminations \$'000	Group \$'000
External operating revenue	882,053	21,799	111,711	-	-	1,015,563
Operating revenue from segments	1,568	1,038	12,846	485	(15,937)	-
Total revenue	883,621	22,837	124,557	485	(15,937)	1,015,563
Operating profit/(loss)	266,901	9,729	5,747	(38,004)	(1,482)	242,891
Interest Expense	(38,520)	(39)	-	(145)	1,482	(37,222)
Finance income	228,381	9,690	5,747	(38,149)	-	205,669
Foreign exchange gain/(loss)						6,226
Profit before taxation						211,895
Taxation						(23,207)
Profit before minority interest						188,688
Minority Interest						(1,579)
Net Profit						187,109
Segment assets	15,264,113	950,866	227,112	3,716,503	(163,955)	19,994,639
Unallocated assets						690,251
Total assets						20,684,890
Segment liabilities	2,379,466	9,502	33,580	15,276	(91,709)	2,346,115
Unallocated liabilities						1,370,630
Total liabilities						3,716,745
Other segment items:						
Interest Income	9,577	4,578	1,109	2,968	(1,482)	16,752
Capital expenditure	174,629	-	289	-	-	174,918
Depreciation charge	100,316	5,209	621	40,660	-	146,806

Kingston Wharves Limited**Financial Information by Operating Segment (Unaudited)****Three Months ended 31 March 2014***(expressed in Jamaican dollars unless otherwise indicated)*

	Terminal Operations \$'000	Cold Storage Services \$'000	Security Services \$'000	Other	Eliminations \$'000	Group \$'000
External operating revenue	730,604	21,384	100,546	-	-	852,534
Operating revenue from segments	771	507	12,216	484	(13,978)	-
Total revenue	<u>731,375</u>	<u>21,891</u>	<u>112,762</u>	<u>484</u>	<u>(13,978)</u>	<u>852,534</u>
Operating profit/(loss)	464,576	11,368	1,026	(13,826)	(202,123)	261,021
Interest Expense	(33,477)	(24)	-	(191)	2,123	(31,569)
	<u>431,099</u>	<u>11,344</u>	<u>1,026</u>	<u>(14,017)</u>	<u>(200,000)</u>	<u>229,452</u>
Foreign exchange gain/(loss)						(39,502)
Profit before taxation						<u>189,950</u>
Taxation						(54,609)
Profit before minority interest						<u>135,341</u>
Minority Interest						(215)
Net Profit						<u>135,126</u>
Segment assets	12,671,308	785,092	212,102	2,823,650	(194,991)	16,297,160
Unallocated assets						664,774
Total assets						<u>16,961,934</u>
Segment liabilities	2,623,342	8,676	43,018	13,260	(98,499)	2,589,797
Unallocated liabilities						1,487,869
Total liabilities						<u>4,077,665</u>
Other segment items:						
Interest Income	13,821	8,608	854	3,244	(2,123)	24,404
Capital expenditure	251,579	-	472	-	-	252,051
Depreciation charge	73,124	5,105	1,032	17,720	-	96,981

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Three Months ended 31 March 2015
(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	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	2,079,398	7,177,601	215,391	3,217,003	12,689,393	59,534	12,748,927
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	66	(66)	-	-	-
Total comprehensive income for period	-	-	-	135,126	135,126	215	135,341
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 2014	2,079,398	7,180,746	215,457	3,348,918	12,824,519	59,749	12,884,268
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	-	-	62	(62)	-	-	-
Total comprehensive income for period	-	(186,470)	-	187,109	639	1,579	2,218
Effect of change in tax rate on deferred taxation	-	(58,530)	-	-	(58,530)	-	(58,530)
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 2015	2,079,398	10,737,974	215,730	3,867,268	16,900,370	67,775	16,968,145

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Three Months ended 31 March 2015
(expressed in Jamaican dollars unless otherwise indicated)

	March 2015	March 2014
	J\$'000	J\$'000
Cash Provided from Operating Activities	150,764	146,301
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(174,918)	(91,954)
Purchase of Intangibles	-	(160,097)
Proceeds from sale of property plant and equipment	2,647	-
Cash used in investing activities	(172,271)	(252,051)
Cash Flows from Financing Activities		
Long term loans repaid	(117,592)	(141,312)
Net cash provided by/(used in) financing activities	(117,592)	(141,312)
Net decrease in cash and cash equivalents	(139,099)	(247,062)
Net cash and cash equivalents at beginning of period	2,909,436	3,159,899
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,770,337	2,912,837
Comprising:		
Cash and bank	1,125,108	1,047,120
Short term investments	1,645,229	1,865,717
	2,770,337	2,912,837

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited) for three months ended 31 March 2015

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 2015 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 2014.

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. 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.

Warehouse 7 removal has been accounted for based on IFRS and the associated net book value arising from revaluation including the deferred income taxes has been accounted for through Other Comprehensive Income.

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 license 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 9% (2014 – 8.5%) for the parent and 25% (2014- 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) Cold Storage services - This incorporates the provision and installation of cold storage facilities and air conditioning units.
- (c) Security services - This incorporates provision of security services
- (d) Other - Other operations of the Group comprise property rental.

KINGSTON WHARVES LIMITED

TOP TEN SHAREHOLDING AT MARCH 31, 2015

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	168,933,715	11.8119
KINGSTON PORTWORKERS SUPERANNUATION FUND	159,405,130	11.1457
MARITIME & TRANSPORT SERVICES LTD	71,475,924	4.9976
LANNAMAN & MORRIS (SHIPPING) LTD	28,845,258	2.0169
SAGICOR POOLED EQUITY FUND	11,575,633	0.8094
NCB INSURANCE CO LTD. - A/C WT 181	10,000,000	0.6992
SEAFREIGHT LINE	6,029,108	0.4216
A. E. PARNELL	4,277,776	0.2991
	1,361,968,989	94.9302
	JCS D	1,549
	MAIN REGISTER	1,282
	TOTAL	2,831

NO. OF SHAREHOLDERS AT MARCH 31, 2015

KINGSTON WHARVES LIMITED

DIRECTORS & SENIOR MANAGERS' SHAREHOLDINGS AT MARCH 31, 2015

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	168,933,715
	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	600,736,635 381,976
BRUCE BRECHEISEN	NIL	S.B.D. LLC	300,689,810
ROBERT SCAVONE	NIL		
DORIAN VALDES	NIL		

SENIOR MANAGERS

NAMES	SHAREHOLDING	CONNECTED PARTIES	SHAREHOLDING
MARCELLO RICHARDS	NIL		
RYAN PEART	NIL		
DEAN PANTON	NIL		
LLOYD SMITH	NIL		
STEVE WHYTE	NIL		
MARK WILLIAMS	NIL		
VALRIE CAMPBELL	NIL		
CLOVER MOODIE	NIL		