



KINGSTON WHARVES LIMITED

INTERIM REPORT TO STOCKHOLDERS

UNAUDITED GROUP RESULTS

3 MONTHS ENDED 31 MARCH 2016

Chairman's Statement

For the quarter ended 31 March 2016

The Board of Directors of Kingston Wharves Limited (KWL) presents the unaudited financial results for the quarter ended March 31, 2016, which are prepared in accordance with International Financial Reporting Standards (IFRS). KWL produced strong results for the quarter.

The Group achieved revenues of \$1.2 billion for the first quarter ended 31 March 2016, an 18% or \$182 million increase over the corresponding period in 2015. Profit before taxation increased from \$212 million in 2015 to \$325 million in 2016, representing a notable 53% growth. Net profit attributable to shareholders was 48% or \$89 million higher than that of the relative period in 2015, moving from \$187 to \$276 million. As a result, earnings per stock unit as at March 31, 2016 grew to \$0.19 (2015:\$0.13).

Commencing January 1, 2016, we revised our segment reporting to reflect our key operating units based on our strategic direction for the company. Our segment reporting now gives a clearer view of our terminal and non-terminal operations which now includes our logistics activities. Both key business segments, Terminal Operations and Logistics & Ancillary Services, continue to outperform previous periods.

Terminal Operations

The Group generated revenues of \$943 million from terminal operations, with significant contributions from increases in domestic container and motor units. Domestic container and transshipment motor units volumes both grew by 20% while domestic motor units realized a significant 64% increase over the prior year. Kingston Wharves anticipates continued growth in this key segment for the remainder of 2016 as we perfect both our business development and marketing strategies and continue to gain greater operational efficiencies.

Logistics & Ancillary Services

The Logistics and Ancillary Services segment also realized significant advances, with total revenue of \$257 million. This was attained primarily as a result of the expansion of our



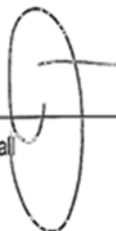
local and international customer bases through aggressive market outreach and improved service levels and capabilities in line with Jamaica's Logistics Hub Initiative.

Corporate Social Responsibility

Kingston Wharves Limited is committed to supporting Jamaica's youth. In February, KWL offered financial support to the Musical Apostles Steel Band, an outreach affiliate of the Kingston Parish Church. The funding was used to offset the youth group's annual expenses, which include tuition costs and annual tuning and repairs of equipment. KWL applauds the Band's stellar achievements and is pleased to invest in its growth. The Jamaica Cricket Association also benefitted from KWL's investment in youth, as KWL continued its unwavering support of the National Under-fifteen Cricket Competition for the 27th consecutive year. Through these efforts, we continue in our social responsibility to nation-building and contributing to local communities including the longstanding support of the Union Gardens community.

Outlook

Despite the uncertainties in the Jamaican and international business environment, the Group remains poised for the future. We expect that improved operational efficiency; the completion of our state-of-the-art Total Logistics Facility; world-class information technology infrastructure; enhanced cost management; and the commitment of our team and stakeholders will allow us to maintain our position as the leading multi-purpose and multi-user terminal in the Caribbean.


Jeffrey Hall Chairman



Kingston Wharves Limited
Group Income Statement (Unaudited)
Three months ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 31/03/2016	3 Months to 31/03/2015
	\$'000	\$'000
Revenue	1,197,313	1,015,563
Cost of sales	(639,987)	(600,188)
Gross Profit	557,326	415,375
Other Operating income	43,483	32,867
Administrative expenses	(236,173)	(199,125)
Operating Profit	364,636	249,117
Finance costs	(39,732)	(37,222)
Profit before Taxation	324,904	211,895
Taxation	(45,119)	(23,207)
Net Profit for the Period	279,785	188,688
Net Profit Attributable to:		
Equity holders of the company	276,531	187,109
Minority interest	3,254	1,579
	279,785	188,688
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	19.34	13.08

Kingston Wharves Limited
Group Statement of Comprehensive Income (Unaudited)
Three months ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 31/03/2016	3 Months to 31/03/2015
	\$'000	\$'000
Net Profit for the Period	279,785	188,688
Other Comprehensive Income		
Derecognition of revaluation surplus on disposal of property, plant and equipment	-	(203,792)
Deferred tax effect on derecognition of revaluation surplus	-	17,322
Effect of change in tax rate on comprehensive income	(43,525)	-
Other Comprehensive Income for period net of Tax	<u>(43,525)</u>	<u>(186,470)</u>
Total Comprehensive Income	<u>236,260</u>	<u>2,218</u>
Total Comprehensive Income Attributable to:		
Equity holders of the company	233,006	639
Minority interest	3,254	1,579
	<u>236,260</u>	<u>2,218</u>

Kingston Wharves Limited
Group Statement of Financial Position (Unaudited)
31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited Mar-16 \$ '000	Audited Dec-15 \$ '000	Unaudited Mar-15 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	16,581,648	16,644,894	15,932,477
Intangible asset	322,986	322,849	348,449
Long term Investment	84,347	84,346	-
Recoverable from special reserves fund	-	-	32,730
Due from related party	102,405	102,405	102,405
Deferred income tax assets	1,498	1,498	1,337
Retirement benefit asset	619,083	619,083	679,828
	17,711,967	17,775,075	17,097,226
Current Assets			
Inventories	227,541	203,049	229,566
Trade and other receivables	583,550	404,351	578,889
Taxation recoverable	10,578	9,200	8,872
Short term investments	3,038,735	2,687,739	1,645,229
Cash and bank	298,453	332,129	1,125,108
	4,158,857	3,636,468	3,587,664
Total assets	21,870,824	21,411,543	20,684,890
EQUITY			
Stockholders' Equity			
Share capital	2,079,398	2,079,398	2,079,398
Capital reserves	10,720,227	10,760,607	10,737,974
Asset replacement/rehabilitation, depreciation reserves and 16% reserves	215,975	215,917	215,730
Retained earnings	4,714,302	4,440,974	3,867,268
	17,729,902	17,496,896	16,900,370
Minority Interest	80,512	77,258	67,775
	17,810,414	17,574,154	16,968,145
LIABILITIES			
Non-current Liabilities			
Borrowings	1,461,774	1,095,836	1,396,085
Deferred income tax liabilities	1,157,343	1,111,131	1,151,132
Long term liabilities	45,915	29,785	84,829
Retirement benefit obligations	245,378	245,378	201,449
	2,910,410	2,482,130	2,833,495
Current Liabilities			
Trade and other payables	506,049	735,090	362,495
Taxation	20,594	76,339	18,049
Borrowings	525,255	447,037	417,418
Current portion of Long term Liability	98,102	96,793	85,288
	1,150,000	1,355,259	883,250
Total equity and liabilities	21,870,824	21,411,543	20,684,890

Approved for issue by the Board of Directors on May 12, 2016 and signed on its behalf by:

 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> Jeffrey Hall Chairman	 <hr style="border: 0; border-top: 1px solid black; margin: 0;"/> Alvin Henry Director
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Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics and Ancilliary Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	940,094	257,219	-	1,197,313
Operating revenue from segments	2,968	20,514	(23,482)	-
Total revenue	943,062	277,733	(23,482)	1,197,313
Operating profit/(loss)	273,581	73,528	(1,563)	345,546
Interest expense	(33,268)	(8,027)	1,563	(39,732)
	240,313	65,501	-	305,814
Foreign exchange gain/(loss)				19,090
Profit before income tax				324,904
Income tax expense				(45,119)
Profit before non-controlling interest				279,785
Non-controlling interest				(3,254)
Net profit attributable to equity holders of the company				276,531
Segment assets	19,675,197	1,762,064	(197,142)	21,240,119
Unallocated assets				630,705
Total assets				21,870,824
Segment liabilities	2,342,818	419,390	(125,111)	2,637,097
Unallocated liabilities				1,423,314
Total liabilities				4,060,411
Other segment items:				
Interest income	16,547	9,150	(1,564)	24,133
Capital expenditure	49,824	1,258	-	51,082
Capital expenditure-Intangible	26,444	-	-	26,444
Depreciation	108,062	6,110	-	114,172

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Three Months ended 31 March 2015
(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics and Ancillary Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	795,941	219,622	-	1,015,563
Operating revenue from segments	1,693	14,244	(15,937)	-
Total revenue	797,634	233,866	(15,937)	1,015,563
Operating profit/(loss)	212,191	32,182	(1,482)	242,891
Interest expense	(32,932)	(5,772)	1,482	(37,222)
	179,259	26,410	-	205,669
Foreign exchange gain/(loss)				6,226
Profit before income tax				211,895
Income tax expense				(23,207)
Profit before non-controlling interest				188,688
Non-controlling interest				(1,579)
Net profit attributable to equity holders of the company				187,109
Segment assets	18,510,977	1,647,617	(163,955)	19,994,639
Unallocated assets				690,251
Total assets				20,684,890
Segment liabilities	2,382,858	54,967	(91,709)	2,346,115
Unallocated liabilities				1,370,630
Total liabilities				3,716,745
Other segment items:				
Interest income	11,554	6,680	(1,482)	16,752
Capital expenditure	174,629	289	-	174,918
Depreciation	139,408	7,398	-	146,806

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Three Months ended 31 March 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	-	-	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
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	-	-	58	(58)	-	-	-
Total comprehensive income for period	-	-	-	276,531	276,531	3,254	279,785
Effect of change in tax rate on deferred taxation	-	(43,525)	-	-	(43,525)	-	(43,525)
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 2016	2,079,398	10,720,227	215,975	4,714,302	17,729,902	80,512	17,810,414

Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Three Months ended 31 March 2016

(expressed in Jamaican dollars unless otherwise indicated)

	March 2016	March 2015
	J\$'000	J\$'000
Cash Provided from Operating Activities		
Net Profit	279,785	188,689
Adjustments for:		
Amortisation	26,307	19,472
Depreciation	114,172	146,806
Net Foreign exchange adjustment	(6,861)	(5,821)
(Gain)/Loss on disposal of property, plant & equipment	-	11,143
Interest Income	(24,133)	(16,752)
Interest Expense	27,325	32,875
Taxation	45,119	23,207
	461,714	399,619
Changes in operating assets and liabilities:		
Inventories	(24,492)	(42,146)
Trade and other receivables	(180,576)	10,524
Trade and other payables	2,928	(171,429)
Cash provided by operations	259,574	196,568
Tax paid	(98,178)	(36,935)
Net cash provided by operating activities	161,396	159,633
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(51,082)	(174,918)
Purchase of Intangibles	(26,444)	-
Proceeds from sale of property plant and equipment	-	2,647
Dividend received	629	-
Interest received	22,671	16,865
Cash used in investing activities	(54,226)	(155,406)
Cash Flows from Financing Activities		
Dividends paid	(214,530)	-
Long term loans received	550,000	-
Long term loans repaid	(113,495)	(117,592)
Interest paid	(27,325)	(32,983)
Net cash provided by/(used in) financing activities	194,650	(150,575)
Net increase/(decrease) in cash and cash equivalents	301,820	(146,348)
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	15,500	7,250
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,337,188	2,770,337

Kingston Wharves Limited

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

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 10.5% (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 MARCH 31, 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	164,079,346	11.4725
KINGSTON PORTWORKERS SUPERANNUATION FUND	153,174,448	10.7100
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
	1,350,883,938	94.4542
	JCSD	1,565
	MAIN REGISTER	1,279
NO. OF SHAREHOLDERS AT MARCH 31, 2016	TOTAL	2,844



KINGSTON WHARVES LIMITED

DIRECTORS & SENIOR MANAGERS' SHAREHOLDINGS AT MARCH 31, 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	164,079,346
		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	600,736,635 181,976
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		
MARCELLO RICHARDS	NIL		
MARK WILLIAMS	NIL		
VALRIE CAMPBELL	NIL		

