



KINGSTON WHARVES LIMITED

INTERIM REPORT TO STOCKHOLDERS

UNAUDITED GROUP RESULTS

6 MONTHS ENDED 30 JUNE 2017

Chairman's Statement for the six months ended 30 June 2017

The Board of Directors of Kingston Wharves Limited (KWL) presents the unaudited financial results for the period ended June 30, 2017, which are prepared in accordance with International Financial Reporting Standards (IFRS).

The Group achieved revenues of \$2.9 billion for the six months ended June 30, 2017, a 19% or \$467 million increase over the corresponding period in 2016. Profit before taxation increased from \$650 million in 2016 to \$857 million in 2017, representing a 32% growth. Net profit attributable to shareholders increased by 34% or \$187 million, from \$555 million to \$742 million over the comparable period in 2016. Earnings per stock unit as at June 30, 2017 grew to 51.87 cents (2016: 38.78 cents).

Terminal Operations

The Terminal Operations Division delivered revenues totaling \$2.3 billion, a 19% increase over the corresponding period of 2016. Divisional operating profits increased by 50% from \$485 million to \$727 million. The key drivers behind this strong performance were diverse and included growth in container handling, motor units and break bulk operations, which underpin the multi-purpose nature of our terminal services.

Logistics & Ancillary

Total revenues earned in the Logistics and Ancillary division amounted to \$676 million, with operating profits totaling \$192 million, a notable increase of 15% and 6% respectively, over the corresponding period of last year. This was attained primarily as a result of continuous expansion of KWL's service offering and a widening of its customer base, as well as improved operational efficiencies gained through increased use of technology to manage our warehousing operations and security services.

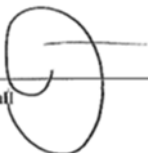
Corporate Social Responsibility

KWL remains committed to playing its role as a good corporate citizen, particularly in the areas of youth development and education. During this period, sponsorships were made to the Jamaica Table Tennis Association Youth Program and Missionaries of the Poor. As a key stakeholder in the community of Newport West, we continue to lead a restoration programme which we envisage will transform the physical space, infrastructure and security into a globally competitive industrial zone.

Outlook

Kingston Wharves through its self-funded projects continues to strengthen its core services, while building its capacity to serve a wider range of local and transshipment requirements for the loading, discharge and storage of bulk, breakbulk, containerised and automotive cargo. Projects currently underway include the commissioning of on-dock bulk storage facilities, a near-port global automotive center and a terminal resurfacing and rehabilitation program. Prior to the end of the financial year, these initiatives will be further supported by the launch of our Total Logistics Facility. This purpose-built warehousing complex will host Jamaica Customs as well as other service providers in the shipping industry in a single location. It is expected to simplify and make dramatic improvements to the receipt, storage and delivery process for shipments of any size into and out of the Port of Kingston which will facilitate growth for the country. We are pleased to be acknowledged by our customers as the market leader in this line of business.

We remain confident about the Group's performance for the immediate future notwithstanding the unpredictable nature of our industry. We are grateful for the continued support of all our stakeholders and for the dedication, enthusiasm and commitment to 'service excellence' of our management and staff.


Jeffrey Hall Chairman



Kingston Wharves Limited
Group Income Statement (Unaudited)
Six months ended 30 June 2017

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 30/06/2017	3 Months to 30/06/2016	6 Months to 30/06/2017	6 Months to 30/06/2016
	\$'000	\$'000	\$'000	\$'000
Revenue	1,553,761	1,275,073	2,939,801	2,472,386
Cost of sales	(794,941)	(765,077)	(1,518,949)	(1,405,063)
Gross Profit	758,820	509,996	1,420,852	1,067,323
Other Operating income	16,847	104,648	40,027	148,131
Administrative expenses	(290,312)	(222,830)	(542,616)	(459,003)
Operating Profit	485,355	391,814	918,263	756,451
Finance costs	(30,823)	(66,856)	(61,500)	(106,588)
Profit before Taxation	454,532	324,958	856,763	649,863
Taxation	(40,972)	(41,439)	(106,192)	(86,558)
Net Profit for the Period	413,560	283,519	750,571	563,305
Net Profit Attributable to:				
Equity holders of the company	409,399	278,033	741,884	554,565
Minority interest	4,161	5,486	8,687	8,740
	413,560	283,519	750,571	563,305
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	28.63	19.44	51.87	38.78

Kingston Wharves Limited
Group Statement of Comprehensive Income (Unaudited)
Six months ended 30 June 2017

(expressed in Jamaican dollars unless otherwise indicated)

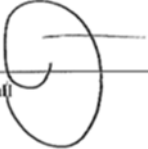

	3 Months to 30/06/2017	3 Months to 30/06/2016	6 Months to 30/06/2017	6 Months to 30/06/2016
	\$'000	\$'000	\$'000	\$'000
Net Profit for the Period	413,560	283,519	750,571	563,305
Other Comprehensive Income				
Effect of change in tax rate on comprehensive income	-	(38,194)	-	(81,719)
Other Comprehensive Income for period	-	(38,194)	-	(81,719)
Total Comprehensive Income	413,560	245,325	750,571	481,586
Total Comprehensive Income Attributable to:				
Equity holders of the company	409,399	239,839	741,884	472,846
Minority interest	4,161	5,486	8,687	8,740
	413,560	245,325	750,571	481,586

Kingston Wharves Limited
Group Statement of Financial Position (Unaudited)
30 June 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Jun-17 \$ '000	Audited Dec-16 \$ '000	Jun-16 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	18,495,452	18,085,443	16,831,641
Intangible asset	200,418	256,871	295,577
Long term Investment	128,466	128,466	84,347
Due from related party	-	-	102,405
Deferred income tax assets	1,546	1,363	1,498
Retirement benefit asset	936,177	936,177	619,083
	<u>19,762,059</u>	<u>19,408,320</u>	<u>17,934,551</u>
Current Assets			
Inventories	354,074	303,994	253,311
Trade and other receivables	680,048	617,395	567,176
Taxation recoverable	11,969	16,253	9,422
Short term investments	2,831,866	2,830,027	3,055,330
Cash and bank	299,535	360,819	295,801
	<u>4,177,492</u>	<u>4,128,488</u>	<u>4,181,040</u>
Total assets	<u>23,939,551</u>	<u>23,536,808</u>	<u>22,115,591</u>
EQUITY			
Stockholders' Equity			
Share capital	2,079,398	2,079,398	2,079,398
Capital reserves	10,774,291	10,768,001	10,685,178
Asset replacement/rehabilitation and Depreciation reserves	216,266	216,161	216,029
Retained earnings	5,969,041	5,476,686	4,989,137
	<u>19,038,996</u>	<u>18,540,246</u>	<u>17,969,742</u>
Minority Interest	<u>105,252</u>	<u>96,565</u>	<u>85,998</u>
	<u>19,144,248</u>	<u>18,636,811</u>	<u>18,055,740</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	1,820,521	1,795,373	1,341,347
Deferred income tax liabilities	1,144,034	1,168,265	1,192,312
Long term liabilities	9,424	9,454	47,329
Retirement benefit obligations	276,762	276,762	245,378
	<u>3,250,741</u>	<u>3,249,854</u>	<u>2,826,366</u>
Current Liabilities			
Trade and other payables	948,185	1,002,529	565,198
Taxation	21,309	31,413	29,489
Borrowings	545,984	547,540	537,156
Current portion of Long term Liability	29,084	68,661	101,642
	<u>1,544,562</u>	<u>1,650,143</u>	<u>1,233,485</u>
Total equity and liabilities	<u>23,939,551</u>	<u>23,536,808</u>	<u>22,115,591</u>

Approved for issue by the Board of Directors on August 10, 2017 and signed on its behalf by:

 <hr/> Jeffrey Hall	Chairman	 <hr/> Alvin Henry	Director
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Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Six Months ended 30 June 2017

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics and Ancilliary Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	2,296,777	643,024	-	2,939,801
Operating revenue from segments	3,022	32,914	(35,936)	-
Total revenue	2,299,799	675,938	(35,936)	2,939,801
Operating profit/(loss)	726,628	191,903	(47)	918,484
Interest expense	(47,210)	(12,996)	47	(60,159)
	679,418	178,907	-	858,325
Foreign exchange gain/(loss)				(1,562)
Profit before income tax				856,763
Income tax expense				(106,192)
Profit before non-controlling interest				750,571
Non-controlling interest				(8,687)
Net profit attributable to equity holders of the company				741,884
Segment assets	19,701,724	3,421,050	(132,915)	22,989,859
Unallocated assets				949,692
Total assets				23,939,551
Segment liabilities	3,040,097	373,985	(60,884)	3,353,198
Unallocated liabilities				1,442,105
Total liabilities				4,795,303
Other segment items:				
Interest income	34,373	6,454	(47)	40,780
Capital expenditure	95,177	567,105	-	662,282
Capital expenditure-Intangible	-	-	-	-
Depreciation & Amortization	294,560	14,165	-	308,725

Kingston Wharves Limited
Financial Information by Operating Segment (Unaudited)
Six Months ended 30 June 2016

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations	Logistics and Ancillary Services	Eliminations	Group
	\$'000	\$'000	\$'000	\$'000
External operating revenue	1,922,728	549,658	-	2,472,386
Operating revenue from segments	4,730	37,562	(42,292)	-
Total revenue	1,927,458	587,220	(42,292)	2,472,386
Operating profit/(loss)	485,422	181,320	(2,877)	663,865
Interest expense	(49,369)	(15,260)	2,877	(61,752)
	436,053	166,060	-	602,113
Foreign exchange gain/(loss)				47,750
Profit before income tax				649,863
Income tax expense				(86,558)
Profit before non-controlling interest				563,305
Non-controlling interest				(8,740)
Net profit attributable to equity holders of the company				554,565
Segment assets	19,070,314	2,555,841	(140,433)	21,485,722
Unallocated assets				629,869
Total assets				22,115,591
Segment liabilities	2,262,601	398,473	(68,402)	2,592,672
Unallocated liabilities				1,467,179
Total liabilities				4,059,851
Other segment items:				
Interest income	36,595	23,068	(2,877)	56,786
Capital expenditure	215,414	201,284	-	416,698
Capital expenditure-Intangible	26,444	-	-	26,444
Depreciation	271,240	12,272	-	283,512

Kingston Wharves Limited
Consolidated Statement of Changes in Equity (Unaudited)
Six Months ended 30 June 2017

(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 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	-	-	112	(112)	-	-	-
Total comprehensive income for period	-	-	-	554,565	554,565	8,740	563,305
Effect of change in tax rate on deferred taxation	-	(81,719)	-	-	(81,719)	-	(81,719)
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	6,290	(6,290)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	-	6,290	(6,290)	-	-	-	-
Dividend payable to shareholders	-	-	-	-	-	-	-
Balance at 30 June 2016	2,079,398	10,685,178	216,029	4,989,137	17,969,742	85,998	18,055,740
Balance at 1 January 2017	2,079,398	10,768,001	216,161	5,476,686	18,540,246	96,565	18,636,811
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	105	(105)	-	-	-
Total comprehensive income for period	-	-	-	741,884	741,884	8,687	750,571
Effect of change in tax rate on deferred taxation	-	-	-	-	-	-	-
Transfer to asset replacement/rehabilitation and depreciation reserves	-	-	6,290	(6,290)	-	-	-
Transfer from asset replacement/rehabilitation and depreciation reserves	-	6,290	(6,290)	-	-	-	-
Dividend payable to shareholders	-	-	-	(243,134)	(243,134)	-	(243,134)
Balance at 30 June 2017	2,079,398	10,774,291	216,266	5,969,041	19,038,996	105,252	19,144,248



Kingston Wharves Limited
Consolidated Statement of Cash Flows (Unaudited)
Six Months ended 30 June 2017

(expressed in Jamaican dollars unless otherwise indicated)

	June 2017	June 2016
	J\$'000	J\$'000
Cash Provided from Operating Activities		
Net Profit	750,571	563,305
Adjustments for:		
Amortisation	56,453	53,717
Depreciation	252,272	229,795
Net Foreign exchange adjustment	(2,465)	(65,130)
(Gain)/Loss on disposal of property, plant & equipment	-	(1,080)
Interest Income	(40,780)	(56,872)
Interest Expense	60,205	40,121
Taxation	106,192	86,558
	1,182,448	850,414
Changes in operating assets and liabilities:		
Inventories	(50,080)	(50,262)
Trade and other receivables	(58,369)	(163,047)
Trade and other payables	(51,063)	67,033
Cash provided by operations	1,022,936	704,138
Tax paid	(140,527)	(133,947)
Net cash provided by operating activities	882,409	570,191
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(662,282)	(416,698)
Purchase of Intangibles	-	(26,444)
Proceeds from sale of property plant and equipment	-	1,080
Dividend received	-	773
Interest received	38,848	55,416
Cash used in investing activities	(623,434)	(385,873)
Cash Flows from Financing Activities		
Dividends paid	(286,040)	(214,530)
Long term loans received	300,000	550,000
Long term loans repaid	(276,734)	(230,373)
Interest paid	(60,938)	(40,121)
Net cash (used in)/provided by financing activities	(323,712)	64,976
Net (decrease)/increase in cash and cash equivalents	(64,737)	249,294
Net cash and cash equivalents at beginning of period	3,190,846	3,019,868
Exchange adjustment on foreign currency cash and cash equivalents	5,292	81,969
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,131,401	3,351,131

Kingston Wharves Limited

**Notes to the Financial Statements (Unaudited)
for six months ended 30 June 2017**

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 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 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 June 2017 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 2016.

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 2017

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 licences 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% (2016 – 10.6%) 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 JUNE 30, 2017

NAMES	SHAREHOLDING	% OF CAPITAL
JAMAICA PRODUCERS GROUP LTD	600,736,635	42.0037
S.B.D. LLC	300,689,810	21.0243
THE SHIPPING ASSOCIATION OF JAMAICA PROPERTY LIMITED	151,933,715	10.6233
KINGSTON PORTWORKERS SUPERANNUATION FUND	151,405,130	10.5863
MARITIME & TRANSPORT SERVICES LTD	71,632,459	5.0086
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	6,619,405	0.4628
SEAFREIGHT LINE	6,029,108	0.4216
	1,347,530,170	94.2197
	JCSD	1,882
	MAIN REGISTER	1,265
	TOTAL	3,147

NO. OF SHAREHOLDERS AT JUNE 30, 2017



KINGSTON WHARVES LIMITED

DIRECTORS' SHAREHOLDINGS AT JUNE 30, 2017

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.	71,632,459
		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' SHAREHOLDINGS AT JUNE 30, 2017

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		
MICHAEL ARBOUINE	NIL		
SIMONE MURDOCK	NIL		
VALRIE CAMPBELL	NIL		