

Kingston Wharves Limited

INTERIM REPORT TO STOCKHOLDERS

FOR THE FIRST QUARTER ENDED MARCH 31, 2003

CHAIRMAN'S STATEMENT

The Directors are pleased to present the unaudited results of the Group for the first quarter ended March 2003.

GROUP RESULTS

The Group achieved mixed results for the first quarter of 2003 with profits of \$4.7 Million attributable to stockholders, compared to \$21.3 Million for the similar three-month period in 2002. This represents earnings per stock unit of 0.44 cents compared with 2.00 cents in the first quarter of 2002.

KINGSTON WHARVES LIMITED

The company, though achieving increased tonnage and operational profits above the corresponding quarter of 2002, experienced losses of \$14.1 Million for the current quarter. This was as a direct result of foreign exchange losses on US Dollar borrowings as well as exceptional costs arising from the stevedoring litigation and the convening of the Extraordinary General Meeting requested by some stockholders. This Extraordinary General Meeting was subsequently postponed.

The trial of the stevedoring litigation was concluded during the quarter and we now await judgement on this matter.

The Company should return to profitability from the second quarter onwards.

During the quarter, we introduced a new container tracking system, which has improved our container yard operations.

HARBOUR COLD STORES LIMITED

Harbour Cold Stores has maintained a steady improvement in its performance and has recorded growth in its revenue and profitability of 14.2% and 15.6% respectively.

SECURITY ADMINISTRATORS LIMITED

The Company continued to provide security services and has made a modest profit for the quarter.

ACKNOWLEDGEMENTS

I wish to express appreciation to all our customers as well as to other stakeholders for their support, and to the directors, management and staff for their contribution throughout a challenging first quarter.

The Directors are pleased to present the Results of the Group
for the three months period ended March 31, 2003
(Unaudited)

	NOTES	3 MONTHS PERIOD TO 31/03/03	3 MONTHS PERIOD TO 31/03/02
Tonnages - Domestic (Berths 1-9)		454,159	448,684
		=====	=====
		\$'000s	\$'000s
Revenues		268,407	231,716
Cost of Sales		<u>(127,929)</u>	<u>(104,702)</u>
Gross Profit		140,478	127,014
Other Operating Income		2,137	2,030
Administrative Expenses		<u>(102,014)</u>	<u>(101,183)</u>
Operating Profit		40,601	27,861
Finance (Cost) / Income Net	(1)	(16,821)	4,203
Exceptional Item	(2)	<u>(22,396)</u>	<u>-</u>
Profit/Loss Before Taxation		1,384	32,064
Taxation	(3)	<u>(3,336)</u>	<u>10,688</u>
Net Profit/Loss Attributable to Stockholders	(4)	4,720	21,376
		=====	=====
Earnings Per Stock Unit of 20cents		0.44	2.00

Notes

- (1) Included in this amount are foreign exchange losses of \$15.957 Million on US Dollar borrowings.
- (2) Included in this amount are Legal Fees of \$17.995 Million in connection with the Stevedoring Litigation and the Extraordinary General Meeting. Also included in the amount are other expenses relating to the Extraordinary General Meeting amounting to \$4.401 Million.
- (3) Included in this amount is a tax over-provision of \$8.587 Million in respect of the previous year.
- (4) Included in this balance is an amount for Asset Replacement and Rehabilitation Reserve dealt with in the Statement of Changes In Equity.

GROUP BALANCE SHEET- UNAUDITED

	UNAUDITED THREE MONTHS 31st March 2003	AUDITED YEAR ENDED 31ST DECEMBER 2002	UNAUDITED THREE MONTHS 31st March 2002
	J\$ '000	J\$ '000	J\$ '000
NET ASSETS EMPLOYED			
FIXED ASSETS	2,561,564	2,565,599	2,380,082
NATIONAL HOUSING TRUST	-	-	407
LONG TERM RECEIVABLES	45,388	51,149	69,837

CURRENT ASSETS

Inventories	2,030	1,743	2,873
Related Companies	55,225	68,830	103,554
Receivables and Prepayments	176,350	172,202	151,782
Taxation Recoverable	8	-	2,611
Short Term Deposits	345,501	310,156	231,696
Cash	3,963	44,896	7,241
	<u>583,077</u>	<u>597,827</u>	<u>499,757</u>

CURRENT LIABILITIES

Payables	108,462	131,594	117,471
Taxation	6,309	22,741	11,281
Dividends Payable	382	382	382
Bank Overdraft	2,022	1,667	-
Current Portion of Long Term Loans	65,547	56,408	25,269
	<u>182,722</u>	<u>212,792</u>	<u>154,403</u>

NET CURRENT ASSETS

	<u>400,355</u>	<u>385,035</u>	<u>345,354</u>
	<u>3,007,307</u>	<u>3,001,783</u>	<u>2,795,680</u>
	=====	=====	=====

FINANCED BY:

SHARE CAPITAL	214,527	214,519	214,173
SHARE PREMIUM	76,945	76,911	75,180
CAPITAL RESERVES	2,009,941	2,003,462	1,968,302
ASSET RESERVE FUND	44,827	37,980	24,463
RETAINED EARNINGS	443,519	445,278	437,731
	<u>2,789,759</u>	<u>2,778,150</u>	<u>2,719,849</u>

LONG TERM LOANS	207,741	212,990	64,255
DEFERRED INCOME	4,342	4,342	6,698
FINANCE LEASE OBLIGATIONS	5,465	6,301	4,878
	<u>3,007,307</u>	<u>3,001,783</u>	<u>2,795,680</u>
	=====	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	UNAUDITED THREE MONTHS 31 -Mar-03 J\$ '000	UNAUDITED THREE MONTHS 31-Mar-02 J\$ '000
<u>SOURCES/ (USE) OF CASH</u>		
Operating Activities		
Net Profit	4,720	21,376
Items not affecting Cash	40,327	19,395
	45,047	40,771
Changes in non-cash Working Capital Components	(35,192)	13,274
Cash provided by operating activities	9,855	54,045
Cash provided by financing activities	(1,225)	3
Cash used in investing activities	14,573	(38,714)
Increase in cash and cash equivalent	(5,943)	15,334
Net cash and cash equivalents at the beginning of year	353,385	223,603
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	347,442	238,937

STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
PERIOD ENDED 31 MARCH 2002

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Asset Replacement/ Rehabilitation and Depreciation Reserves \$000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2002	214,173	75,180	1,961,823	21,844	422,834	2,695,854
Depreciation Reserves	-	-	-	2,619	-	2,619
Net gains not recognised in income statement	-	-	-	2,619	-	2,619
Net profit for the year	-	-	-	-	21,376	21,376
Depreciation Reserves	-	-	-	6,479	(6,479)	-
Depreciation Reserves	-	-	6,479	(6,479)	-	-
Balance at 31 st March 2002	214,173	751,180	1,968,302	24,463	437,731	2,719,849

GROUP STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
PERIOD ENDED 31 MARCH 2003

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Asset Replacement/ Rehabilitation and Depreciation Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1st January,2003	214,519	76,911	2,003,462	37,980	445,278	2,778,150

Net interest on Asset Replacement/Rehabilitation and Depreciation Reserves	-	-	-	6,847	-	6,847
Net gains not recognised in income statement	-	-	-	6,847	-	6,847
Net profit for the year	-	-	-	-	4,720	4,720
Issue of shares:	8	34				42
Transfer to Asset Replacement/ Rehabilitation and Depreciation Reserves	-	-	6,479	-	(6,479)	-
Balance at 31 March 2003	214,527	76,945	2,009,941	44,827	443,519	2,789,759
