

KINGSTON WHARVES LIMITED

INTERIM REPORT TO STOCKHOLDERS

FOR THE FIRST QUARTER ENDED MARCH 31, 2004

The Directors of Kingston Wharves Limited are pleased to report the unaudited results for the three month to March 31, 2004.

DIRECTORS' STATEMENT

GROUP RESULTS

The Group achieved a significantly improved result for the first quarter of 2004, with a profit of \$34.87 million attributable to stockholders compared to a loss of [\$1.33] million for the corresponding quarter in 2003. This represents earnings per stock unit of 3.25 cents compared to a loss of [0.12] cents achieved for the corresponding quarter of 2003. However, the results for 2003 were negatively impacted by foreign exchange losses on U.S. dollar

activities as well as a reduction in expenses.

We are still awaiting judgment in respect of the case concerning the stevedoring litigation.

HARBOUR COLD STORES LIMITED

The Company's profitability for the quarter was flat when compared to the corresponding quarter of 2003. New customers for our Cold Storage and Reefer Services are being sought.

borrowings , exceptional costs associated with the stevedoring litigation and loss on part disposal of Security Administrators Ltd.

KINGSTON WHARVES LIMITED

The Company handled a total of 440,773 tons for the quarter, which is a decline of 13,386 tons when compared to the 454,159 tons handled for the corresponding quarter of 2003. The total volume of domestic cargo handled at Port Bustamante decreased to 979,963. wharf revenue tons or 2.9% below 2003's performance. Despite the reduction in the tonnage performance, profits were above the previous year's quarter which was due to increased revenues from stripping and stuffing

OUTLOOK

With the new security measures coming into force as a consequence of the ISPS Code and the planned application for a wharfage rate increase, we anticipate additional opportunities and challenges for the remainder of the year.

SECURITY ADMINISTRATORS LIMITED

The Management of this Company has been very active in providing consulting services to other ports, both in Jamaica

and elsewhere in the Caribbean, in regards to preparing for the implementation of the International Ship and Port Facility Security Code (ISPS). Results for the first quarter marginally below the comparable quarter's performance for 2003.

SHAREHOLDING

During the quarter our largest shareholder, Grace Kennedy Company Limited, sold its block of shares, representing 43.4% to National Commercial Bank Jamaica Ltd. As a consequence there has been a significant change in the Directorship.

GROUP PROFIT & LOSS ACCOUNT

		3 Months to 3/31/2004	Restated* 3 Months to 3/31/2003
Tonnages - Domestic Berths 1- 9)	<u>Notes</u>	440,773 =====	454,159 =====
		<u>\$'000s</u>	<u>\$'000s</u>
Revenues		286,939	268,407
Cost of Sales		<u>(151,644)</u>	<u>(135,721)</u>
Gross Profit		135,295	132,686
Other Operating Income		2,511	2,137
Administrative Expenses	1	<u>(100,656)</u>	<u>(132,347)</u>
Operating Profit		37,150	2,476
Finance Income/(Cost) Net	2	<u>17,918</u>	<u>(6,572)</u>
Profit before Taxation		55,068	(4,096)
Taxation		(19,689)	3,336
Net Profit/(Loss) after Taxation		35,379	(760)
Minority interest in subsidiary		<u>(513)</u>	<u>(570)</u>
Net Profit/(Loss) Attributable to Stockholders		34,866 =====	(1,330) =====
Earnings Per Stock Unit of 20 cents		3.25c	(0.12)c

Notes

1.The amount for 2003 includes legal fees in connection with the stevedoring litigation,the cost associated with the Extra-ordinary General Meeting,termination payments to management and the loss incurred in transferring one-third of the company's interest in Security Administrators Limited to Port Authority of Jamaica effective January 1,2003.

2.The amount for 2003 includes foreign exchange losses of \$15.957 million and interest income from the Depreciation Fund.

* Restated to comply with IFRS

GROUP BALANCE SHEET- UNAUDITED

	UNAUDITED THREE MONTHS 31-Mar-2004 J\$ '000	AUDITED YEAR ENDED 31-Dec-2003 J\$ '000	UNAUDITED THREE MONTHS 31-Mar-2003 J\$ '000
NET ASSETS EMPLOYED			
FIXED ASSETS	3,286,950	3,325,143	3,372,834
LONG TERM RECEIVABLES	22,330	28,011	45,388
PENSION PLAN SURPLUS	177,524	177,524	166,770
CURRENT ASSETS			
Inventories	4,111	3,627	2,030
Related Companies	-	-	55,225
Receivables and Prepayments	164,907	166,835	176,350
Taxation Recoverable	-	-	2,324
Short Term Deposits	522,728	434,635	345,501
Cash	14,099	63,949	3,963
	<u>705,845</u>	<u>669,046</u>	<u>585,393</u>
CURRENT LIABILITIES			
Payables	109,150	111,326	109,784
Related Companies	-	13,684	
Taxation	2,077	6,572	-
Dividends Payable	382	382	-
Bank Overdraft	-	5,126	2,022
Current Portion of Long Term Loans	69,873	70,807	65,547
	<u>181,482</u>	<u>207,897</u>	<u>177,353</u>
NET CURRENT ASSETS	524,363	461,149	408,040
	<u>4,011,167</u>	<u>3,991,827</u>	<u>3,993,032</u>
	=====	=====	=====

FINANCED BY:

SHARE CAPITAL	214,530	214,530	214,527
SHARE PREMIUM	77,118	77,118	76,945
CAPITAL RESERVES	2,298,743	2,295,598	2,285,607
ASSET RESERVE FUND	17,315	7,551	44,827
RETAINED EARNINGS	<u>592,155</u>	<u>570,198</u>	<u>499,501</u>
	<u>3,199,861</u>	<u>3,164,995</u>	<u>3,121,407</u>
MINORITY INTEREST	12,360	11,882	16,299
LONG TERM LOANS	149,780	164,893	207,741
FINANCE LEASE OBLIGATIONS	1,656	2,962	5,465
EMPLOYEE BENEFIT OBLIGATIONS	36,116	36,116	33,708
DEFERRED TAX LIABILITIES	<u>611,394</u>	<u>610,979</u>	<u>608,412</u>
	<u>4,011,167</u>	<u>3,991,827</u>	<u>3,993,032</u>
	=====	=====	=====

* Restated to comply with IFRS

GROUP STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THREE MONTHS TO 31 MARCH 2004

	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, 2004 as restated	214,530	77,118	2,295,598	7,551	570,198	3,164,995
Transfer of net interest to Asset Replacement/Rehabilitation and Depreciation Reserves	-	-	-	9,764	(9,764)	-
Net profit for the year	-	-	-	-	34,866	34,886
Issue of shares:	-	-	-	-	-	-
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 2004	214,530	77,118	2,298,743	17,315	592,155	3,199,861

GROUP STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THREE MONTHS TO 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 as restated	214,519	76,911	2,279,128	37,980	514,157	3,122,695
Transfer of net interest to Asset Replacement/Rehabilitation and Depreciation Reserves	-	-	-	6,847	(6,847)	-
Net profit for the year	-	-	-	-	(1,330)	(1,330)
Issue of shares:	8	34				42
Transfer to Asset Replacement/ Rehabilitation and Depreciation Reserves	-	-		6,479	(6,479)	-
Transfer from Asset Replacement/ Rehabilitation and Depreciation Reserves			6,479	(6,479)		-
Balance at 31 March 2003	214,527	76,945	2,285,607	44,827	499,501	3,121,407

CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	THREE MONTHS 31-Mar-04	Restated THREE MONTHS 31-Mar-03
<u>SOURCES/(USE) OF CASH</u>	J\$'000	J\$'000
Operating Activities		
Net Profit	34,866	(1,330)
Items not affecting Cash	<u>30,082</u>	<u>40,327</u>
	64,948	38,997
Changes in non-cash Working Capital Components	<u>(18,496)</u>	<u>(29,142)</u>
Cash provided by operating activities	46,452	9,855
Cash used in financing activities	(17,354)	(1,225)
Cash provided/used for investing activities	<u>14,271</u>	<u>(14,573)</u>
Increase in cash and cash equivalent	43,369	(5,943)
Net cash and cash equivalents at the beginning of year	493,458	353,385
CASH AND CASH EQUIVALENTS AT END OF THE QUARTER	536,827	347,442

SEGMENT REPORTING FOR THREE MONTHS

TO 31 MARCH 2004 (UNAUDITED)

	Wharf Operations \$'000s	Cold Storage Operations \$'000s	Security Operations \$'000s	Eliminations \$'000s	Group \$'000s
Revenues	<u>212,753</u>	<u>35,976</u>	<u>56,333</u>	<u>(18,123)</u>	<u>286,939</u>
Segment Results	31,698	3,844	1,608		37,150
Finance (net)	9,468	7,748	702		17,918
	-	-	-		-
Profit before tax	41,166	11,592	2,310		55,068
Taxation					<u>(19,689)</u>
					35,379
Minority Interest					(513)
Net Profit					34,866

SEGMENT REPORTING FOR THREE MONTHS

TO 31 MARCH 2003 (UNAUDITED)

	Wharf Operations \$'000s	Cold Storage Operations \$'000s	Security Operations \$'000s	Eliminations \$'000s	Group \$'000s
Revenues	<u>192,876</u>	<u>36,957</u>	<u>49,368</u>	<u>(10,794)</u>	<u>268,407</u>
Segment Results	11,273	4,990	1,942	(15,729)	2,476
Finance (net)	(13,772)	6,577	623		(6,572)
Profit/(Loss) before tax	(2,499)	11,567	2,565	(15,729)	(4,096)
Taxation					3,336 (760)
Minority Interest					(570)
Net Profit/(Loss)					(1,330)
