

Kingston Wharves Limited

Unaudited Financial Statements

for the six months ended June 30, 2004

The Directors of Kingston Wharves Limited are pleased to report the unaudited results for the six months to June 30, 2004.

DIRECTORS' STATEMENT

GROUP RESULTS

The Group consolidated its improved results with a profit of \$86.9 million attributable to stockholders compared to a profit of \$36.4 million achieved for corresponding period in 2003. This represents earnings per stock unit of 8 cents compared to 3.4 cents achieved for the corresponding period of 2003 which were affected negatively by exchange losses on US borrowing, exceptional costs associated with stevedoring litigation and loss on port disposal of Security Administrators

The company has continued its major thrust to increase its investment in equipment by purchasing a second Gottwald 300E crane and Reach Stackers at a cost of US\$4 Million. Additionally, we have employed skilled operators and maintenance personnel to perform all inclusive services to our customers.

On going staff training is a major priority as we strive to continue to focus on customer care.

Limited.

KINGSTON WHARVES LIMITED

The Company handled a total of 878,636 tons of cargo for the period which incurred a decline of 69,997 tons when compared to the corresponding period of 2003 and a market share of 42.87% for domestic volumes handled at Port Bustamante.

Whilst there was a decline in tonnage handled, profits continue to show steady improvement by consolidating the gain achieved in the previous quarter. There continues to be buoyancy in the stripping and stuffing activities as well as in containerized cargoes.

The company is submitting a tender for the servicing of reefer services at the Container Terminal.

SECURITY ADMINISTRATORS LIMITED

This Company has been at the forefront in providing consultancy work to both ports in Jamaica and the Caribbean for the implementation of ISPS.

Profits for the 6 month period are sluggish compared to 2003's performance, but are expected to show improvement in the second half of the year.

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

The company's terminal was recently certified as compliant under the International Ship and Port Security Code (ISPS).

HARBOUR COLD STORES LIMITED

The Company's profitability continues to be marginally below targets. We however have been heartened by the recent demand from some existing customers for increased cold storage space and new customers. This should considerably improve the company's profit position in the second half of the year.

OUTLOOK

The company is well poised to continue to significantly improve its results in the future. With the certification of the Port, the acquisition of heavy equipment, and the new thrust to re-shape the organization, we are optimistic about the company's fortunes and achieving a more satisfactory return on investment.

DIVIDEND

At a Board meeting held on Thursday July 8, 2004, a resolution was passed by the Board approving an interim dividend of Four (4) cents per stock unit payable on August 13, 2004 to stockholders on record at July 23, 2004.

GROUP PROFIT & LOSS ACCOUNT

	3 MONTHS PERIOD TO 30/06/2004	6 MONTHS PERIOD TO 30/06/2004	*Restated 3 MONTHS PERIOD TO 30/06/2003	*Restated 6 MONTHS PERIOD TO 30/06/2003
Tonnages - Domestic (Berths 1 - 9) NOTES	437,863	878,636	494,474	948,633
	=====	=====	=====	=====
	\$'000s	\$'000s	\$'000s	\$'000s
Revenues	331,445	618,384	305,768	574,175
Cost of Sales	(166,489)	(318,133)	(130,692)	(266,413)
Gross Profit	164,956	300,251	175,076	307,762
Other Operating Income 1	1,540	4,051	1,881	4,081
Administrative Expenses	(100,694)	(201,350)	(129,679)	(262,026)
Operating Profit 2	65,802	102,952	47,278	49,754
Finance Income/(Cost) Net	<u>15,152</u>	<u>33,070</u>	<u>12,197</u>	<u>5,625</u>
Profit before Taxation	80,954	136,022	59,475	55,537
Taxation	(28,313)	(48,002)	(19,597)	(16,261)
Net Profit/(Loss) after Taxation	52,641	88,020	39,878	39,118
Minority interest in subsidiary	(627)	(1,141)	(2,127)	(2,697)
Net Profit Attributable to Stockholders	52,014	86,879	37,751	36,421
	=====	=====	=====	=====
Earnings Per Stock Unit of 20 cents	4.85c	8.10c	3.52c	3.40c

Notes

- 1.This amount for 2003 includes legal fees in connection with the stevedoring litigation, the cost associated with the extraordinary general meeting, termination payments to management and the loss incurred in transferring one-third of the company's interest in Security Administrators Limited to the Port Authority of Jamaica, effective January 1, 2003.
- 2.The amount includes interest income from the Depreciation Fund and the figure for 2003 includes foreign exchange losses of \$17.46 Million

* Restated to comply with IFRS.

SEGMENT REPORTING FOR SIX MONTHS**TO 30/06/2004 (UNAUDITED)**

	Wharf Operations \$'000s	Cold Storage Operations \$'000s	Security Operations \$'000s	Eliminations \$'000s	Group \$'000s
Revenues	<u>458,856</u>	<u>71,741</u>	<u>119,397</u>	<u>(31,610)</u>	<u>618,384</u>
Segment Results	89,623	9,339	3,990		102,952
Finance (net)	16,909	15,018	1,143		33,070
Profit before tax	106,532	24,357	5,133		136,022
Taxation					<u>(48,002)</u>
					88,020
Minority Interest					<u>(1,141)</u>
Net Profit					<u>86,879</u>

**SEGMENT REPORTING FOR SIX MONTHS
TO 30/06/2003 (UNAUDITED)**

*Restated

	Wharf Operations \$'000s	Cold Storage Operations \$'000s	Security Operations \$'000s	Eliminations \$'000s	Group \$'000s
Revenues	<u>412,787</u>	<u>74,911</u>	<u>107,325</u>	<u>(20,848)</u>	<u>574,175</u>
Segment Result	46,308	9,174	10,000	(15,728)	49,754
Finance (net)	(12,670)	16,160	2,135		5,625
Profit before tax	33,638	25,334	12,135	(15,728)	55,379
Taxation					<u>(16,261)</u>
					39,118
Minority Interest					<u>(2,697)</u>
Net Profit					<u>36,421</u>

GROUP BALANCE SHEET - UNAUDITED

	UNAUDITED SIX MONTHS 6/30/2004 J\$ '000	AUDITED YEAR ENDED 12/31/2004 J\$ '000	UNAUDITED SIX MONTHS* 6/30/2003 J\$ '000
NET ASSETS EMPLOYED			
NON-CURRENT ASSETS			
FIXED ASSETS	3,287,501	3,325,143	3,359,363
LONG TERM RECEIVABLES	16,864	28,011	39,200
RETIREMENT BENEFIT ASSET	177,524	177,524	166,770
	<u>3,481,889</u>	<u>3,530,678</u>	<u>3,565,333</u>
CURRENT ASSETS			
Inventories	4,396	3,627	2,302
Related Companies	-	-	55,985
Receivables and Prepayments	204,978	166,835	166,837
Taxation Recoverable	2,338	-	5
Short Term Deposits	551,234	434,635	398,027
Cash	29,736	63,949	6,265
	<u>792,682</u>	<u>669,046</u>	<u>629,421</u>
CURRENT LIABILITIES			
Payables	134,168	111,708	95,228
Related Companies	-	13,684	-
Taxation	24,295	6,572	8,698
Bank Overdraft	164	5,126	2,075
Current Portion of Long Term Loans	69,091	70,807	69,629
	<u>227,718</u>	<u>207,897</u>	<u>175,630</u>
NET CURRENT ASSETS	<u>564,964</u>	<u>461,149</u>	<u>453,791</u>
	<u>4,046,853</u>	<u>3,991,827</u>	<u>4,019,124</u>
FINANCED BY:			
STOCKHOLDERS EQUITY			
SHARE CAPITAL	214,530	214,530	214,530
SHARE PREMIUM	77,118	77,118	76,962
CAPITAL RESERVES	2,301,888	2,295,598	2,289,309

ASSET RESERVE FUND	24,747	7,551	54,926
RETAINED EARNINGS	633,591	570,198	523,451
	<u>3,251,874</u>	<u>3,164,995</u>	<u>3,159,178</u>
NON-CURRENT LIABILITIES			
LONG TERM LOANS	134,225	164,893	193,624
FINANCE LEASE OBLIGATIONS	257	2,962	4,577
DEFERRED TAX LIABILITY	611,394	610,979	609,612
EMPLOYEE BENEFIT OBLIGATIONS	36,116	36,116	33,708
MINORITY INTEREST	12,987	11,882	18,425
	<u>4,046,853</u>	<u>3,991,827</u>	<u>4,019,124</u>
	=====	=====	=====

*Restated to comply with I.F.R.S.

STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
FOR SIX MONTHS TO 30/06/2004

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	Asset Replacement/ Rehabilitation and Depreciation Reserves \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1/01/2004						
-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				17,196	(17,196)	-
				<u>17,196</u>	<u>(17,196)</u>	<u>-</u>

Net profit for the year	-	-	-	-	86,879	86,879
Issue of shares:						
Transfer to Asset Replacement/ Rehabilitation and Depreciation Reserves	-	-		6,290	(6,290)	-
Transfer from Asset Replacement/ Rehabilitation and Depreciation Reserves			6,290	(6,290)		
Balance at 30/06/2004	214,530	77,118	2,301,888	24,747	633,591	3,251,874
	=====	=====	=====	=====	=====	=====

CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	UNAUDITED SIX MONTHS 30/06/2004 J\$'000	UNAUDITED SIX MONTHS 30/06/2003 J\$'000
<u>SOURCES/ (USE) OF CASH</u>		
Operating Activities		
Net Profit	86,879	36,421
Items not affecting Cash	62,574	71,420
	<u>149,453</u>	<u>107,841</u>
Changes in non-cash Working Capital Components	(14,336)	(27,000)
Cash provided by operating activities	135,117	80,841
Cash provided by financing activities	(36,172)	(12,465)
Cash used in investing activities	(11,597)	(19,544)
Increase in cash and cash equivalent	<u>87,348</u>	<u>48,832</u>
Net cash and cash equivalents at the beginning of year	493,458	353,385
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	580,806	402,217
