

Kingston Wharves Limited

Unaudited Financial Statements

for the nine months period ended September 30, 2004

CHAIRMAN'S STATEMENT

The Directors are pleased to present the following unaudited results of the group for the third quarter ended 30th September, 2004.

GROUP RESULTS

The Group consolidated its financial position in the third quarter by continuing to achieve steadily improving results.

Domestic tonnages of 448,632 tons handled in this quarter showed a marginal improvement of 2.4% over the previous quarter, whilst the nine months period's performance of 1,327,268 tons showed a slight decline of 2.8% when compared to the corresponding period of 2003.

Profits attributable to stockholders for this quarter declined by 21.3% over the previous quarter's performance and was influenced by increased depreciation costs on the purchase of a second Gottwald crane and two Reach Stackers.

The period's after tax profits stood at \$127.7 Million which was \$72.7 Million or 132.3% above the corresponding period's profit of 2003.

Earnings per stock unit for the nine months period was 11.9 cents compared to 5.1 cents for the similar period of last year an improvement of 132.3%.

The group has been refocusing its attention on growth and development by committing finances for equipment acquisition, marketing research, staff training, information technology and security enhancements.

KINGSTON WHARVES LTD.

This company recorded improved volumes over the previous quarter. Nevertheless, there was a slight decline in our period's cargo base when compared to the similar period in 2003.

After tax profits of \$96.2 Million rose satisfactorily by 70.8% from the \$56.3 Million earned during the corresponding period last year.

There has been a restoration of several committees including Audit, Business Development, Corporate Governance and Finance.

These committees will assist the management in its expansion programmes as well as to ensure proper controls in the company's business processes.

With a capital outlay of \$260.8 Million since the beginning of the year, the company is strategically positioning itself to grasp the opportunities to handle additional container vessels.

HARBOUR COLD STORES LTD.

This premier cold storage company continues to show favourable results for the year to date and is on target to not only meeting the goals set for the year but also to exceed them. Notwithstanding its success however, the company has been exploring other opportunities by developing a new business plan with the aid of a team of consultants.

SECURITY ADMINISTRATORS LTD.

This company continues to provide the Port with excellent security services. Profits however have been flat as a result of the downward trend in tonnages for the year to date and the higher costs of guard services. Future expansions within the port are being considered.

ACKNOWLEDGEMENT

In July I was elected as the new Chairman of the Board, which was ratified at the last Annual General Meeting, and have found it a delight to serve you along with my fellow directors.

Particular reference must be made of the former Chairman, Mr. Brian Young with whom I have had an excellent relationship, and who has made my transition easier. The entire Board joins me in wishing Brian and his family continued good health and happiness in the years ahead.

We must also acknowledge the contributions of Mr. Mark Watson and Derek Jones former directors who resigned in July. The company benefited tremendously from their experience and wise counsel and wish for them every success in the future.

The company welcomes to the Board, Mr. Alvin Henry, who for many years was the General Manager of the Shipping Association of Jamaica. Mr. Henry brings to the Board his professionalism in accountancy as well as his background in the shipping business both locally and internationally.

Finally, I would wish to express my gratitude and support to all the stakeholders, including management, staff and customers who have made my tenure to date very welcoming.

There are many challenges ahead, but we see light at the end of the tunnel as the company moves forward to return to a higher level of profitability.

G. St. J. Stephenson
CHAIRMAN

A. Henry
DIRECTOR

GROUP PROFIT & LOSS ACCOUNT

**for Nine Months Ended 30 September 2004
(unaudited)**

	3 Months Period to 9/30/2004	9 Months Period to 9/30/2004	*Restated 3 Months Period to 9/30/2003	*Restated 9 Months Period to 9/30/2003
Tonnages - Domestic (Berths 1- 9) Notes	448,632 =====	1,327,268 =====	417,455 =====	1,366,088 =====
	\$'000s	\$'000s	\$'000s	\$'000s
Revenues	383,603	1,001,987	280,700	854,875
Cost of Sales	<u>(201,335)</u>	<u>(519,468)</u>	<u>(143,629)</u>	<u>(410,042)</u>
Gross Profit	182,268	482,519	137,071	444,833
Other Operating Income	1,563	5,614	1,790	5,808
Administrative Expenses	<u>(130,270)</u>	<u>(331,620)</u>	<u>(142,599)</u>	<u>(388,897)</u>
Operating Profit	53,561	156,513	(3,738)	61,744
Finance Income Net	<u>11,022</u>	<u>44,093</u>	<u>21,322</u>	<u>25,677</u>
Profit before Taxation	64,583	200,606	17,584	87,421
Taxation	<u>(22,852)</u>	<u>(70,854)</u>	<u>(10,016)</u>	<u>(29,140)</u>
Net Profit after Taxation	41,731	129,752	7,568	58,281
Minority interest in subsidiary	<u>(848)</u>	<u>(1,989)</u>	<u>(605)</u>	<u>(3,302)</u>
Net Profit Attributable to Stockholders	40,883 =====	127,763 =====	6,963 =====	54,979 =====
Earnings Per Stock Unit of 20 cents	3.81c	11.91c	.65c	5.13c

Notes

1. This amount for 2003 includes legal fees in connection with the stevedore 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 \$19.7 Million

***Restated to comply with IFRS**

**SEGMENT REPORTING FOR NINE MONTHS
TO 30 SEPTEMBER, 2004 (UNAUDITED)**

	Wharf Operations \$'000s	Cold Storage Operations \$'000s	Security Operations \$'000s	Eliminations \$'000s	Group \$'000s
Revenues	749,237	114,873	187,007	(49,130)	1,001,987
Segment Results	130,270	18,928	7,315		156,513
Finance (net)	20,104	22,355	1,634		44,093
Profit before tax	150,374	41,283	8,949		200,606
Taxation					(70,854)
					129,752
Minority Interest					(1,989)
Net Profit					127,763

**SEGMENT REPORTING FOR NINE MONTHS
TO 30 SEPTEMBER, 2003 (UNAUDITED)**

***Restated**

	Wharf Operations \$'000s	Cold Storage Operations \$'000s	Security Operations \$'000s	Eliminations \$'000s	Group \$'000s
Revenues	615,525	111,723	158,955	(31,328)	854,875
Segment Result	62,320	(11,367)	10,791	-	61,744
Finance (net) *	(6,405)	28,013	4,069	-	25,677
Profit before tax	55,915	16,646	14,860	-	87,421
Taxation					(29,140)
					58,281
Minority Interest					(3,302)
Net Profit					54,979

GROUP BALANCE SHEET- UNAUDITED

	UNAUDITED NINE MONTHS 30th September, 2004 J\$ '000	AUDITED YEAR ENDED 31st DECEMBER, 2004 J\$ '000	UNAUDITED NINE MONTHS* 30th September, 2004 J\$ '000
NET ASSETS EMPLOYED			
NON-CURRENT ASSETS			
FIXED ASSETS	3,473,551	3,325,143	3,349,435
LONG TERM RECEIVABLES	11,398	28,011	33,669
RETIREMENT BENEFIT ASSET	177,524	177,524	166,770
	3,662,473	3,530,678	3,549,874
CURRENT ASSETS			
Inventories	4,284	3,627	2,646
Related Companies	78,944	-	-
Receivables and Prepayments	139,574	166,835	189,635
Taxation Recoverable	5	-	5

Short Term Deposits	400,316	434,635	489,578
Cash	<u>16,223</u>	<u>63,949</u>	<u>7,221</u>
	639,346	669,046	689,085
CURRENT LIABILITIES			
Payables	166,568	111,708	131,732
Related Companies	-	13,684	-
Taxation	37,568	6,572	13,230
Bank Overdraft	-	5,126	-
Current Portion of Long Term Loans	<u>64,471</u>	<u>70,807</u>	<u>69,829</u>
	268,607	207,897	214,791
NET CURRENT ASSETS	<u>370,739</u>	<u>461,149</u>	<u>474,294</u>
	<u>4,033,212</u>	<u>3,991,827</u>	<u>4,024,168</u>
	=====	=====	=====
FINANCED BY:			
STOCKHOLDERS EQUITY			
SHARE CAPITAL	214,530	214,530	214,530
SHARE PREMIUM	77,118	77,118	76,962
CAPITAL RESERVES	2,305,032	2,295,598	2,292,453
ASSET RESERVE FUND	32,889	7,551	65,024
RETAINED EARNINGS	<u>620,283</u>	<u>570,198</u>	<u>528,767</u>
	3,249,852	3,164,995	3,177,736
NON-CURRENT LIABILITIES			
LONG TERM LOANS	120,917	164,893	179,007
FINANCE LEASE OBLIGATIONS	1,504	2,962	6,283
DEFERRED TAX LIABILITY	611,013	610,979	608,403
EMPLOYEE BENEFIT OBLIGATIONS	36,116	36,116	33,708
MINORITY INTEREST	<u>13,810</u>	<u>11,882</u>	<u>19,031</u>
	4,033,212	3,991,827	4,024,168
	=====	=====	=====

G. St. J. Stephenson
Chairman

A. Henry
Director

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

STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)

FOR NINE MONTHS TO 30 SEPTEMBER 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				25,338	(25,338)	-
Net profit for the year	-	-	-	-	127,763	127,763
Issue of shares:						
Dividends Paid					(42,906)	(42,906)
Transfer to Asset Replacement/ Rehabilitation and Depreciation Reserves	-	-		9,434	(9,434)	-
Transfer to Asset Replacement/ Rehabilitation and Depreciation Reserves			9,434	(9,434)		
Balance at 30 September, 2004	214,530	77,118	2,305,032	32,889	620,283	324,852

**STATEMENT OF CHANGES IN EQUITY - (UNAUDITED)
FOR NINE MONTHS TO 30 SEPTEMBER 2003**

* Restated

Asset
Replacement/
Rehabilitation

	Share Capital \$'000	Share Premium \$'000	Capital Reserves \$'000	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				- 27,044		- -
Net profit for the year as restated	-	-	-	-	54,979	54,979
Issue of shares:	11	51				62
Transfer to Asset Replacement/ Rehabilitation and Depreciation Reserves	-	-		13,325	(13,325)	-
Transfer to Asset Replacement/ Rehabilitation and Depreciation Reserves			13,325	(13,325)		
Balance at 30 September, 2003	214,530	76,962	2,292,453	65,024	528,767	3,177,736

CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	UNAUDITED NINE MONTHS 30-Sep-04 J\$ '000	UNAUDITED NINE MONTHS 30-Sep-03 J\$ '000
SOURCES/(USE) OF CASH		
Operating Activities		
Net Profit	127,763	54,979
Items not affecting Cash	106,123	117,066
	<u>233,886</u>	<u>172,045</u>
Changes in non-cash Working Capital Components	19,860	17,975
Cash provided by operating activities	253,746	190,020
Cash used in investing activities	(233,825)	(29,466)
Cash provided by financing activities	<u>(96,840)</u>	<u>(17,140)</u>
(Decrease)/Increase in cash and cash equivalents	(76,919)	143,414
Net cash and cash equivalents at the beginning of year	493,458	353,385
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>416,539</u>	<u>496,799</u>
