

CHAIRMAN'S REPORT

The Directors are pleased to present the unaudited results of the Group for Three months ended 31 March 2008

The Group's revenues for first quarter totalled \$724.67 million, an increase of \$159.98 million or 28.33% over the corresponding quarter of 2007. Profit before Tax was \$153.96 million representing an increase of \$55.46 million or 56.31% over the corresponding quarter in 2007.

Net profit attributable to stockholders for the first quarter of 2008 was \$101.51 million compared to \$69.47 million achieved for the first quarter of 2007. Earnings per stock unit for the first quarter were 9.46 cents, compared with 6.48 cents for the first quarter of 2007 that is an increase of 2.99 cents. The primary drivers for the increased profit in 2008 were the increase of 62.95 thousand tons of cargo handled or 13% handled KWL over the previous period in 2007 and the cargo mix. Revenues from the Cold Storage Operations and the Security Operations remained flat during the period under review.

Kingston Wharves Limited recorded revenue of \$588.58 million (2007: \$430.48), an increase of \$158.10 or 36.67% over the corresponding year. Operating Profit was \$160.57 compared with \$109.71. Capital expenditure for the first quarter of 2008 was \$220.78 million. The expenditure incurred was primarily related to the refurbishment of Berths 8 & 9. The handover of the completed facilities will occur in the second quarter of 2008.

Harbour Cold Stores (HCS) Limited Pre-Tax profits for the first quarter 2008 was \$23.90 million compared to \$25.35 million achieved for the first quarter of 2007. Notwithstanding stringent cost control measures, the expenses for the period increased by 11% which can be directly attributable to increase in electricity rates. The company will continue to explore ways of becoming more energy efficient and has increased advertising in an effort to attract new business as well diversifying our service offerings to include the servicing of air-conditioning units.,

Security Administrators Limited (SAL) revenue for the quarter ended 2008 March 31, increased by 6 % over the corresponding period in 2007. The pre-tax profit was marginally below the prior year. The result is attributable to loss of business at the Container Terminal. The company will be offering its services to the wider Industrial Security market in 2008.

OUTLOOK

We have had a good first quarter, but we recognise that there are several factors, many outside of our control that may negatively impact our performance for the remainder of 2008. One of the factors is the increase in the price of oil which is currently significantly higher than the average rate in 2007. The group will see a significant increase in financing costs in the second quarter of 2008 as we will commence expensing the interest of the Berths 8 & 9 expansion. Another factor that may affect the company is the protracted labour negotiations that are taking place in the industry. To date one of the three unionised groups has settled, one is at the Industrial Dispute Tribunal (IDT) and KWL negotiation is at the Ministry of Labour. Additionally if the United States experiences the recession predicted by so many, this will also directly affect this industry.

In light of the multiplicity of challenges that the group will face we are continually exploring ways to contain our cost and utility consumption. We believe that the investment that was made to improve the infrastructure and equipment over the last couple of years will allow us to handle a more diversified mix of cargo vessels. The group continually evaluate the services provided so that we are able to meet the changing demands of the shipping industry in the most efficient manner. More fundamentally, we will continue exploring growth opportunities through Strategic Alliances while increasing our marketing efforts to new markets.

The staff, management and directors thank all our stakeholders for your support and we remains committed to exploring all possible ways to increasing the stakeholders value in 2008 and beyond.

Grantley Stephenson - Chairman

Group Profit & Loss Account (Unaudited)

Three months ended 31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Restated	
	3 Months to 3/31/2008	3 Months to 3/31/2007
Tonnages - Domestic (Berths 1 - 9)	543,607	480,673
	\$'000	\$'000
Revenue	724,671	564,690
Cost of sales	(400,518)	(318,505)
Gross Profit	324,153	246,185
Other Operating income	24,217	15,562
Administrative expenses	(168,497)	(131,973)
Operating Profit	179,873	129,774
Finance costs	(25,915)	(31,278)
Profit before Taxation	153,958	98,496
Taxation	(51,319)	(27,579)
Profit for the Period	102,639	70,917
Attributable to:		
Equity holders of the company	101,513	69,475
Minority interest	1,126	1,442
	102,639	70,917
Number of Stock Units Issued ('000)	1,072,650	1,072,650
EARNINGS PER STOCK UNIT		
attributable to the stockholders of the company expressed in cents per share	9.46	6.48

Kingston Wharves Limited
Group Balance Sheet
31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	31/Mar/08 \$ '000	Audited 31/Dec/07 \$ '000	Restated 31/Mar/07 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	7,311,052	7,235,398	6,321,985
Long term receivables	40,761	47,402	48,268
Deferred tax assets	49	49	482
Retirement benefit asset	303,068	303,068	268,719
	<u>7,654,930</u>	<u>7,585,917</u>	<u>6,639,454</u>
Current Assets			
Inventories	5,101	4,113	5,917
Related companies	235,185	200,849	193,905
Trade and other receivables	237,377	73,991	214,821
Taxation recoverable	2,171	13,929	11,431
Short term investments	899,553	911,114	641,059
Cash and bank	25,860	65,064	34,627
	<u>1,405,247</u>	<u>1,269,060</u>	<u>1,101,760</u>
Total assets	<u><u>9,060,177</u></u>	<u><u>8,854,977</u></u>	<u><u>7,741,214</u></u>
EQUITY			
Stockholders' Equity			
Share capital	291,648	291,648	291,648
Capital reserves	3,083,042	3,079,897	3,075,068
Asset replacement/rehabilitation and depreciation reserves	163,556	151,704	119,958
Retained earnings	1,453,423	1,366,907	1,223,603
	<u>4,991,669</u>	<u>4,890,156</u>	<u>4,710,277</u>
Minority Interest	<u>28,705</u>	<u>27,579</u>	<u>24,050</u>
	<u><u>5,020,374</u></u>	<u><u>4,917,735</u></u>	<u><u>4,734,327</u></u>
LIABILITIES			
Non-current liabilities			
Long term loans	2,327,878	2,338,457	1,694,353
Deferred tax liabilities	852,726	852,726	872,155
Retirement benefit obligations	81,909	81,909	65,548
	<u>3,262,513</u>	<u>3,273,092</u>	<u>2,632,056</u>
Current Liabilities			
Trade and other payables	427,462	309,904	224,415
Related companies	12,179	77,170	12,633
Taxation	25,925	-	-
Current portion of long term loans and finance lease obligations	311,724	277,076	137,783
	<u>777,290</u>	<u>664,150</u>	<u>374,831</u>
Total equity and liabilities	<u><u>9,060,177</u></u>	<u><u>8,854,977</u></u>	<u><u>7,741,214</u></u>

Approved for issue by the Board of Directors on May 14, 2008 and signed on its behalf by:

Grantley St. J. Stephenson

Chairman/CEO

Alvin C. Henry

Director

Kingston Wharves Limited

Group Statement of Changes in Equity (Unaudited)

Three months ended 31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Attributable to Stockholders of the company					Minority Interest	Total Equity
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2008	291,648	3,079,897	151,704	1,366,907	4,890,156	27,579	4,917,735
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	11,852	(11,852)	-	-	-
Net profit for the period	-	-	-	101,513	101,513	1,126	102,639
Dividends paid	-	-	-	-	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	-	-	3,145	(3,145)	-	-	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	-	3,145	(3,145)	-	-	-	-
Impairment of property plant and equipment	-	-	-	-	-	-	-
Balance at 31 March 2008	291,648	3,083,042	163,556	1,453,423	4,991,669	28,705	5,020,374

Kingston Wharves Limited

Group Statement of Changes in Equity (Unaudited)

Three months ended 31 March 2007

	<u>Attributable to Stockholders of the company</u>					Minority Interest	Total Equity
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2007	291,648	3,138,243	109,573	1,167,658	4,707,122	22,608	4,729,730
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	10,385	(10,385)	-	-	-
Net profit for the year	-	-	-	69,475	69,475	1,442	70,917
Dividends paid	-	-	-	-	-	-	-
Transfer to asset replacement/ rehabilitation and depreciation reserves	-	-	3,145	(3,145)	-	-	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	-	3,145	(3,145)	-	-	-	-
Impairment of property plant and equipment	-	(66,320)	-	-	(66,320)	-	(66,320)
Balance at 31 March 2007	291,648	3,075,068	119,958	1,223,603	4,710,277	24,050	4,734,327

Kingston Wharves Limited

Group Statement of Cash Flows (Unaudited)

Three months ended 31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 2008	Restated Unaudited 2007
	J\$'000	J\$'000
Cash Provided from Operating Activities	93,930	(49,181)
Cash Flows from Investing Activities		
Long term receivables - recoveries	6,641	6,580
Purchase of property, plant and equipment	(220,777)	(131,820)
Proceeds from sale of property plant and equipment	169	1,050
Cash used in investing activities	(213,967)	(124,190)
Cash Flows from Financing Activities		
Dividends paid to group stockholders	(32,179)	-
Finance/lease obligations, net	-	-
Long term loans received	157,857	201,795
Long term loans repaid	(47,649)	(28,390)
Net cash provided by financing activities	78,029	173,405
Net increase in cash and cash equivalents	(42,008)	34
Net cash and cash equivalents at beginning of period	967,421	675,652
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	925,413	675,686
Comprising:		
Cash and bank	25,860	34,627
Bank overdraft	-	-
	25,860	34,627
Short term investments	899,553	641,059
	925,413	675,686

Kingston Wharves Limited

Segment Financial Information (Unaudited)

Three months ended 31 March 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Terminal Operations \$'000	Cold Storage Operations \$'000	Security Operations \$'000	Other \$'000	Eliminations \$'000	Group \$'000
External operating revenue	588,579	61,677	74,415	-	-	724,671
Operating revenue from segments	252	694	8,605	485	(10,036)	-
Total revenue	588,831	62,371	83,020	485	(10,036)	724,671
Gross profit	274,153	32,388	17,221	391	-	324,153
Other operating income	18,563	13,747	933	3,079	(12,105)	24,217
Operating expenses	(132,143)	(22,232)	(13,088)	(6,368)	5,334	(168,497)
Operating profit/(loss)	160,573	23,903	5,066	(2,898)	(6,771)	179,873
Finance cost	-	-	-	-	-	(25,915)
Profit before taxation	-	-	-	-	-	153,958
Taxation	-	-	-	-	-	(51,319)
Profit before minority interest	-	-	-	-	-	102,639
Minority Interest	-	-	-	-	-	(1,127)
Net Profit	-	-	-	-	-	101,513
Segment assets	6,830,819	714,220	118,052	1,389,639	(297,841)	8,754,889
Unallocated assets						305,288
Total assets						9,060,177
Segment liabilities	3,244,101	19,881	33,270	8,223	(226,231)	3,079,244
Unallocated liabilities						960,560
Total liabilities						4,039,804
Other segment items:						
Capital expenditure	220,777	-	-	-	-	220,777
Depreciation charge	32,561	3,107	766	6,219	-	42,653

KINGSTON WHARVES LIMITED

Segment Financial Information (Unaudited)

Three months ended 31 March 2007

(expressed in Jamaican dollars unless otherwise indicated)

		Restated				
	Terminal	Cold Storage	Security	Other	Eliminations	Group
	Operations	Operations	Operations			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External operating revenue	430,099	61,446	73,145	-	-	564,690
Operating revenue from segments	378	656	5,315	485	(6,834)	-
Total revenue	430,477	62,102	78,460	485	(6,834)	564,690
Gross profit	192,118	36,764	16,912	391	-	246,185
Other operating income	16,622	10,248	942	2,548	(14,798)	15,562
Operating expenses	(99,029)	(21,657)	(11,367)	(6,524)	6,604	(131,973)
Operating profit/(loss)	109,711	25,355	6,487	(3,585)	(8,194)	129,774
Finance cost	-	-	-	-	-	(31,278)
Profit before taxation	-	-	-	-	-	98,496
Taxation	-	-	-	-	-	(27,579)
Profit before minority interest	-	-	-	-	-	70,917
Minority Interest	-	-	-	-	-	(1,442)
Net Profit	-	-	-	-	-	69,475
Segment assets	5,670,978	676,806	105,513	1,407,134	(399,849)	7,460,582
Unallocated assets						280,632
						7,741,214
Segment liabilities	2,318,616	34,424	33,534	7,393	(324,783)	2,069,184
Unallocated liabilities						937,703
						3,006,887
Other segment items:						
Capital expenditure	126,221	345	5,254	-	-	131,820
Depreciation charge	33,120	3,135	539	6,219	-	43,013

Kingston Wharves Limited

Notes to the Financial Statements (Unaudited)

Twelve months ended 31 March 2008

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, port security services and the provision and installation of cold storage facilities.

The wharfage rates and penal charges billed to customers by the company are subject to regulation by the Port Authority of Jamaica. The tariff rate structure which was approved by the Port Authority of Jamaica became effective in April 1998.

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 three months ended 31 March 2008 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 2007.

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, except. 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 companies 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 areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

3. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

The company 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.

4. 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) Cold Storage operations - This incorporates the provision and installation of cold storage facilities and air conditioning units.
- (c) Security operations - This incorporates port security services
- (d) Other - Other operations of the Group comprise property rental.