

CHAIRMAN'S REPORT

The Directors are pleased to present the unaudited results of the Group for six months ended 30 June 2010

THE GROUP

The Group performed credibly for the first six months of the financial year ending June 2010. Revenues for the six months ended June 2010 were \$1,353.10 million up from \$1,254.90 million for the similar period in 2009, an increase of \$ 98.20 million or 8%. Revenues for the second quarter of 2010 were \$725.27 million, an increase of \$95.07 million or 15%, compared with the corresponding quarter of 2009. The primary contributor to the higher revenues for the period was the performance of Kingston Wharves Limited. Operating Profit for the six months was \$326.19 million compared to \$409.62 million for the corresponding period in 2009, a decrease of \$83.44 million or 20%. Operating Profit for the quarter was \$168.39 million compared to \$158.65 million for the quarter ended June 2009, an increase of \$9.74 million or 6%.

Net profit attributable to stockholders for the six months ending June 2010 was \$230.47 million compared to a loss of \$86.11 million for the same period in 2009. Net profit attributable to stockholders for the second quarter of 2010 was \$150.19 million compared to \$17.95 million achieved for the second quarter of 2009. Earnings Per Stock (EPS) for the first six months of 2010 was 21.49 cents compared to a loss of 8.03 cents for the corresponding period in 2009. EPS for the second quarter was 14.00 cents up from 1.67 cents in 2009,

KINGSTON WHARVES LIMITED

Kingston Wharves Limited (KWL) revenues for the six months ended 30 June 2010 was \$1,065.51 million (2009: \$965.46), an increase of \$100.05 million or 10.36% over the corresponding period in 2009. Revenue for the quarter was \$581.97 million (2009: \$461.02), an increase of \$120.95 million or 26.24% over the corresponding period in 2009. The primary contributors to the increase in revenue were the 17% increase in domestic containers handled and the 513% increase in motor units as a consequence of the establishment of the transshipment hub.

Operating Profit for the six month period was \$298.32 million compared with \$358.55 million for the corresponding period in 2009, a decrease of \$60.23 million or 17%. Factors that negatively impacted the operating profit comparison between the six months in 2010 and 2009 were the \$73 million reduction in exchange gains on assets, increased cost of fuel and electricity. Operating Profit for the quarter was \$156.79 million compared with \$123.88 million for the corresponding period in 2009, an increase of \$32.90 million or 27%.

HARBOUR COLD STORES LIMITED

Harbour Cold Stores (HCS) Limited Operating Profit for the six months under consideration was \$36.99 million compared to \$47.64 million for the same period in 2009, a decrease of \$10.65 million or 22%. Operating Profit for the quarter was \$16.20 million compared to \$26.79 million for the corresponding quarter of 2009. HCS results were impacted by a contraction in the demand for cold storage, the increased cost of electricity, the lower levels of interest earned on its deposits and the loss of a major customer who has established its own facility.

SECURITY ADMINISTRATORS LIMITED

Security Administrators Limited (SAL) Operating profit for the six months declined by \$1.39 million or 7% from \$19.14 million in 2009 to \$17.75 million in 2010. Operating profit for the quarter declined by \$2.38 million or 20% when compared to the second quarter in 2009. SAL's lower profit for the first six months of 2010 when compared to the corresponding period in 2009 resulted from the one off profit earned from a special project in 2009 and the reduced demand for security for the quarter under consideration.

OUTLOOK

The external factors that continue to concern us are utility costs, the uncertainty surrounding the exchange rate and the cost of finance. Nonetheless, we are optimistic that the motor unit transshipment hub that commenced operations in January 2010, the change in the operations at warehouse 5 and the new shipping line that commenced operations at the port in May 2010 will continue to offset the downturn in traditional lines of income. The group will continue to explore ways to improve the service delivery to our customers while concurrently exploring ways to increase shareholders' value.



Chairman

Derek N. Jones

Kingston Wharves Limited

Group Statement of Comprehensive Income (Unaudited)

Six months ended 30 June 2010

(expressed in Jamaican dollars unless otherwise indicated)

	3 Months to 30-06-10	6 Months to 30-06-10	3 Months to 30-06-09	6 Months to 30-06-09
Tonnages - Domestic (Berths 1 - 9)	350,268	685,867	307,669	644,195
	\$'000	\$'000	\$'000	\$'000
Revenue	725,267	1,353,096	630,192	1,254,895
Cost of sales	(393,852)	(743,469)	(365,006)	(683,638)
Gross Profit	331,415	609,627	265,186	571,257
Other Operating income	1,185	28,427	31,109	119,919
Administrative expenses	(164,207)	(311,868)	(137,649)	(281,560)
Operating Profit	168,393	326,186	158,646	409,616
Finance income/(costs)	67,525	36,665	(61,163)	(402,347)
Profit before Taxation	235,918	362,851	97,483	7,269
Taxation	(83,869)	(128,433)	(76,798)	(89,124)
Net Profit/(Loss) for the Period	152,049	234,418	20,685	(81,855)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	152,049	234,418	20,685	(81,855)
Net Profit/(Loss) Attributable to:				
Equity holders of the company	150,190	230,474	17,947	(86,109)
Minority interest	1,859	3,944	2,738	4,254
	152,049	234,418	20,685	(81,855)
Total Comprehensive Income Attributable to:				
Equity holders of the company	150,190	230,474	17,947	(86,109)
Minority interest	1,859	3,944	2,738	4,254
	152,049	234,418	20,685	(81,855)
Number of Stock Units Issued ('000)	1,072,650	1,072,650	1,072,650	1,072,650
EARNINGS PER STOCK UNIT				
attributable to the stockholders of the company expressed in cents per share	14.00	21.49	1.67	(8.03)

Kingston Wharves Limited
Consolidated Statement of Financial Position
at 30 June 2010

(expressed in Jamaican dollars unless otherwise indicated)

	30/Jun/10 \$ '000	Audited 31/Dec/09 \$ '000	30/Jun/09 \$ '000
ASSETS			
Non-current Assets			
Property, plant and equipment	10,055,409	10,156,401	10,267,562
Recoverable from special reserves fund	48,821	55,107	70,081
Deferred income tax assets	1,363	1,363	750
Retirement benefit asset	329,699	329,699	312,355
	<u>10,435,292</u>	<u>10,542,570</u>	<u>10,650,748</u>
Current Assets			
Inventories	25,979	3,662	4,824
Related companies	427,859	361,290	339,252
Trade and other receivables	198,704	124,490	222,992
Taxation recoverable	9,033	8,490	4,007
Short term investments	926,520	1,057,352	959,342
Cash and bank	101,321	62,781	53,647
	<u>1,689,416</u>	<u>1,618,065</u>	<u>1,584,064</u>
Total assets	<u>12,124,708</u>	<u>12,160,635</u>	<u>12,234,812</u>
EQUITY			
Stockholders' Equity			
Share capital	291,648	291,648	291,648
Capital reserves	5,403,156	5,396,866	5,390,577
Asset replacement/rehabilitation and depreciation reserves	214,706	214,601	214,454
Retained earnings	1,723,158	1,531,258	1,306,252
	<u>7,632,668</u>	<u>7,434,373</u>	<u>7,202,931</u>
Minority Interest	<u>46,544</u>	<u>42,600</u>	<u>37,107</u>
	<u>7,679,212</u>	<u>7,476,973</u>	<u>7,240,038</u>
LIABILITIES			
Non-current Liabilities			
Borrowings	2,237,895	2,576,003	2,782,208
Deferred income tax liabilities	1,266,774	1,266,774	1,369,312
Retirement benefit obligations	119,041	119,041	86,289
	<u>3,623,710</u>	<u>3,961,818</u>	<u>4,237,809</u>
Current Liabilities			
Trade and other payables	321,097	190,029	289,204
Related companies	6,800	58,690	8,840
Taxation	40,818	41,851	31,734
Borrowings	453,071	431,274	427,187
	<u>821,786</u>	<u>721,844</u>	<u>756,965</u>
Total equity and liabilities	<u>12,124,708</u>	<u>12,160,635</u>	<u>12,234,812</u>

Approved for issue by the Board of Directors on August 16, 2010 and signed on its behalf by:


Derek N. Jones Chairman


Grantley St. J. Stephenson CEO

Kingston Wharves Limited

Financial Information by Operating Segment (Unaudited)

Six Months ended 30 June 2010

(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	1,064,755	125,750	162,591	-	-	1,353,096
Operating revenue from segments	757	1,017	20,532	970	(23,276)	-
Total revenue	1,065,512	126,767	183,123	970	(23,276)	1,353,096
Operating profit/(loss)	298,326	36,990	17,747	(16,245)	(10,632)	326,186
Interest Expense	(75,372)	(40)	0	(714)	10,632	(65,494)
	222,954	36,950	17,747	(16,959)	-	260,692
Foreign Exchange Gain						102,159
Profit before taxation						362,851
Taxation						(128,433)
Profit before minority interest						234,418
Minority Interest						(3,944)
Net Profit						230,474
Segment assets	8,301,885	1,081,696	174,373	2,487,207	(260,549)	11,784,612
Unallocated assets						340,096
Total assets						12,124,708
Segment liabilities	3,094,346	28,793	38,420	10,093	(152,789)	3,018,863
Unallocated liabilities						1,426,633
Total liabilities						4,445,496
Other segment items:						
Interest Income	12,206	39,121	2,659	10,106	(10,632)	53,460
Capital expenditure	21,706	1,300	2,658	-	-	25,664
Depreciation charge	92,259	6,904	2,013	22,666	-	123,842

KINGSTON WHARVES LIMITED

Financial Information by Operating Segment (Unaudited)

Six Months ended 30 June 2009

(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	964,706	123,756	166,433	-	-	1,254,895
Operating revenue from segments	757	1,851	18,059	970	(21,637)	-
Total revenue	965,463	125,607	184,492	970	(21,637)	1,254,895
Operating profit/(loss)	358,553	47,636	19,144	(3,874)	(12,523)	408,936
Interest Expense	(118,260)	(16)	0	(681)	12,523	(106,434)
	240,293	47,620	19,144	(4,555)	0	302,502
Foreign Exchange loss						(295,233)
Profit before taxation						7,269
Taxation						(89,124)
Profit before minority interest						(81,855)
Minority Interest						(4,254)
Net Profit						(86,109)
Segment assets	8,511,714	1,016,707	160,577	2,530,673	(301,971)	11,917,700
Unallocated assets						317,112
						12,234,812
Segment liabilities	3,649,670	27,065	47,951	9,657	(226,904)	3,507,439
Unallocated liabilities						1,487,335
						4,994,774
Other segment items:						
Interest income	30,339	41,027	2,876	8,925	(12,523)	70,644
Capital expenditure	112,194	2,850	342	-	-	115,386
Depreciation charge	93,884	8,302	1,638	14,129	-	117,953

Kingston Wharves Limited

Consolidated Statement of Changes in Equity (Unaudited)

Six months ended 30 June 2010

(expressed in Jamaican dollars unless otherwise indicated)

	<u>Attributable to Stockholders of the company</u>	<u>Minority Interest</u>	<u>Total Equity</u>				
	Share Capital	Capital Reserves	Asset Replacement/ Rehabilitation and Depreciation Reserves	Retained Earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2010	291,648	5,396,866	214,601	1,531,258	7,434,373	42,600	7,476,973
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	105	(105)	-	-	-
Total comprehensive income for period	-	-	-	230,474	230,474	3,944	234,418
Transfer to asset replacement/ rehabilitation and depreciation reserves	-	-	6,290	(6,290)	-	-	-
Transfer from asset replacement/ rehabilitation and depreciation reserves	-	6,290	(6,290)	-	-	-	-
Dividend	-	-	-	(32,179)	(32,179)	-	(32,179)
Balance at 30 June 2010	291,648	5,403,156	214,706	1,723,158	7,632,668	46,544	7,679,212

Kingston Wharves Limited

Consolidated Statement of Changes in Equity (Audited)

Six months ended 30 June 2009

	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	
Balance at 1 January 2009	291,648	5,384,287	208,588	1,404,517	7,289,040	32,853	7,321,893
Transfer of net interest to asset replacement/rehabilitation and depreciation reserves	-	-	5,866	(5,866)	-	-	-
Total comprehensive income for period	-	-	-	(86,109)	(86,109)	4,254	(81,855)
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 June 2009	291,648	5,390,577	214,454	1,306,252	7,202,931	37,107	7,240,038

Kingston Wharves Limited

Consolidated Statement of Cash Flows (Unaudited)

Six months ended 30 June 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Unaudited 2010	Unaudited 2009
	J\$'000	J\$'000
Cash Provided from Operating Activities	140,393	167,688
Cash Flows from Investing Activities		
Long term receivables	6,286	(1,287)
Purchase of property, plant and equipment	(25,664)	(115,386)
Proceeds from sale of property plant and equipment	400	-
Cash used in investing activities	(18,978)	(116,673)
Cash Flows from Financing Activities		
Dividends paid to group stockholders	-	(21,453)
Long term loans received	-	24,132
Long term loans repaid	(213,707)	(222,800)
Net cash used in/provided by financing activities	(213,707)	(220,121)
Net decrease/increase in cash and cash equivalents	(92,292)	(169,106)
Net cash and cash equivalents at beginning of period	1,120,133	1,182,095
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,027,841	1,012,989
Comprising:		
Cash and bank	101,321	53,647
Short term investments	926,520	959,342
	1,027,841	1,012,989

Kingston Wharves Limited
Notes to the Financial Statements (Unaudited)
Six months ended 30 June 2010

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 period ended 30 June 2010 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 2009.

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. 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 procedures in determining these estimates 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 provision of security services
- (d) Other - Other operations of the Group comprise property rental.

5. Reclassification

Reconciliation of the net profit for the period:

	Note	Previously Reported	Reclassified	Revised
Revenue	a	1,224,782	30,113	1,254,895
Cost of sales	a	(653,525)	(30,113)	(683,638)
Gross Profit		571,257	-	571,257
Other Operating income	b	72,838	47,081	119,919
Administrative expenses		(281,560)	-	(281,560)
Operating Profit		362,535	-	409,616
				-
Finance income/(costs)	b	(355,266)	(47,081)	(402,347)
		7,269		7,269

- a) Reclassification of the cost re inter port transfers.
- b) Reclassification of the exchange gains on operating transactions.