

ABP (JERSEY) LIMITED

UNAUDITED INTERIM REPORT 2008

1. Business description

ABP (Jersey) Limited is an investment holding company which, through its wholly owned subsidiary ABP Acquisitions UK Limited owns Associated British Ports Holdings Limited. The group owns and operates 21 general cargo ports within the UK and has a 49 per cent interest in DP World Southampton, the second largest container terminal in the UK, and a 33 per cent interest in Tilbury Container Services.

2. First half performance

The group's core ports and transport business continued to grow in the first six months of 2008, with underlying operating profit (before exceptional items and increase in fair value of investment properties) increasing by 10.4 per cent. Due to the impact of two significant property disposals completed during the first half of 2007, contribution from the group's property investment and property development activities decreased by 71.4 per cent and consequently the group's underlying operating profit grew by a more modest 3.3 per cent.

3. Strategy update

The ports and transport operations continue to be the main focus of the group's activities.

Our strategy is to invest in long-term projects in partnership with quality customers that can generate internal rates of return of at least 15 per cent. In addition, we continue to monitor maintenance capital expenditure with a view to maintaining this below our annual depreciation charge.

The group is progressing a number of major developments, which will underpin its growth during the coming years. Strategic investment projects currently in progress include:

Expansion of existing container capacity at the Port of Southampton by 85 per cent to around 3.7m TEUs. The increased capacity is required to support forecast future growth in the Port's container volumes and, subject to receipt of the necessary planning consents, is expected to become operational on a phased basis over the coming years.

An investment of £19m in the construction of a cruise terminal for Carnival Cruises UK Limited, which will enhance the Port of Southampton's reputation as the UK's number-one cruise port by enabling the Port to continue to handle the largest cruise liners sailing in European waters. The new facility is due to become operational in time for the 2009 cruising season.

The expansion of capacity at its existing deepwater jetty at Port Talbot to facilitate the import of coal and woodchip volumes. This development, which is subject to the finalisation of consents and commercial agreements, will provide an import facility for a new biomass power station recently consented for development by Prenergy within the Port estate.

The development of a riverside container terminal to accommodate the continuing strong growth of shortsea container volumes at the Port of Hull.

An investment of around £40m in the enhancement through automation of the existing deepsea coal import facilities at Immingham along with provision of storage facilities to support imports of biomass by Drax.

The group is also in discussions with several potential customers for the construction of further riverside dry bulk terminals for the import of coal and biomass on the Humber, where the availability of land alongside deep water fulfils two of the key requisites for the development of new electricity generation capacity.

As always, we continue to talk to all of our customers at every level to ensure that our facilities are developed to serve their growing requirements. Organic growth complimented by investment in a whole range of customer-related projects remains an important driver of the group's underlying growth prospects.

4. Risks and uncertainties

The scarcity of liquidity currently being experienced by the debt capital markets is not expected to impact upon the group's financial performance in the short-term. The group has hedged a majority of its exposure to changes in interest rates and its existing debt facilities are not due for expiry until June 2013. As at 30 June 2008, the group traded comfortably within its covenant limits and had access to undrawn committed facilities of £350m.

The economic outlook for the UK remains negative in the short term and this obviously has the potential to impact the group's volumes. Whilst not immune to any future downturns the group is to a degree protected against such developments as over 50 per cent of its trade is generated from existing agreements which often include take-or-pay arrangements. In addition the geographic spread of its ports and the diversity of cargoes handled add an element of resilience against reductions in economic activity. In common with most other businesses we are also continuing to experience increasing energy and fuel costs. Sustained increases in input costs could impact the group's future profitability, however, where possible the group aims to mitigate the impact of such increases by passing the increased cost onto its customers. The group's operating activities are conducted through a group of companies owned by its wholly owned subsidiary, ABPH. Details of the risks and uncertainties associated with the operating activities of ABPH are provided

within the directors' report of the ABPH Annual Report and Accounts 2007. Other principal risks and uncertainties detailed in that report, remain unchanged at 30 June 2008.

5. Prospects

In keeping with our original expectations we do not expect to achieve a significant level of contribution from our property development activities in 2008. However, the group's core ports and transport business, which is the dominant contributor to its operating profit and cashflow, delivered strong growth in the first half of 2008 and notwithstanding the uncertain economic outlook it is well positioned to deliver growth in 2008 as a whole.

A handwritten signature in black ink, appearing to read "P. Jones".

Peter Jones
Chief Executive
29 September 2008