

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act, 2004 and was so registered on Thursday 25th November 2010. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the FSC for the purposes of the registration of the Company as issuer pursuant to section 26 of the Securities Act and the Company was so registered on Thursday 25th November 2010. The FSC has not approved the shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus.

Cargo Handlers Limited

Registered office: 15 Montego Freeport Shopping Center, Montego Bay, Jamaica
Telephone (876) 979-8109 E-mail hartco@infochan.com

Invitation for Subscription

Up to 8,318,340 Ordinary Shares at the Invitation Price of \$12.50 per Share

5,198,996 Shares (the "Priority Shares") are initially allocated for Applications by the following persons: (1) 1,039,826 Priority Shares (the "Employee Priority Shares") for Applications by the Directors, Senior Managers and Employees of the Company at the discounted price of \$10.00 per Share; and (2) 4,159,170 Priority Shares (the "Cargo Handlers Trust Priority Shares") for Application by the Trustees of the Cargo Handlers Trust at the discounted price of \$1.00 per Share. If any of those Priority Shares are not subscribed by the Priority Share Applicants entitled to make Applications in respect of them, they will become available for allocation to the general public at the Invitation Price of \$12.50. All Shares inclusive of Priority Shares must be fully paid on Application. See section 6.5 of this document for terms and conditions of the Invitation.

An Application for use by both Priority Share Applicants and the general public is provided at the end of this Prospectus together with notes on how to complete it. The subscription list for the Shares will open at 9:00 a.m. and will close at 4:30 p.m. on the same day, being the Invitation Date, Friday 3rd December 2010. Applications submitted prior to the Invitation Date will be received, but not processed until the Invitation Date. The Company retains the right to: (a) close the subscription list at any time after it opens once the Invitation is fully subscribed and (b) extend the closing of the Invitation for any reason including hurricane, earthquake, or other act of God. In the case of an early closing of the subscription list, or an extension to the Invitation Date, notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com). It is the intention of the Company to apply to the JSE for admission of the Shares to the Junior Market. The application is dependent on the Company's ability to (i) raise at least J\$50 million as a result of the Invitation and (ii) meet the criteria for admission. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted the Junior Market of the JSE.

SHARE CAPITAL

Authorised	46,620,000 Shares
Maximum to be issued fully paid assuming:	8,318,340 Shares

(1) 5,198,995 Priority Shares are subscribed by Priority Share Applicants; and
 (2) all 3,119,344 Shares are subscribed by the general public

• 1,039,826 Priority Shares at \$10.00 each	J\$ 10,398,260
• 4,159,170 Cargo Handlers Trust Priority Shares at \$1.00 each	J\$ 4,159,170
• 3,119,344 Shares for the general public at \$12.50 each	<u>J\$ 38,991,800</u>
• Total Consideration	J\$ 53,549,230

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Section 1

Important Disclaimers

Responsibility for the Contents of this Prospectus

This Prospectus has been reviewed and approved by the Board of Directors of the Company. The Directors of the Company whose names appear in Section 8 of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

Contents of the Prospectus

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read the Prospectus carefully in its entirety before submitting an Application.

This Prospectus also contains summaries of certain documents which the Board of Directors of the Company believes are accurate. Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available for inspection as described in Section 16. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in the Prospectus.

The Invitation is made to Jamaican Residents in Jamaica Only

This Prospectus (the "Prospectus") is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica is prohibited by law.

Application to Subscribe for Shares

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for Shares in the Company. Prospective investors in the Company are expected to make their own assessment of the Company, and the merits and risks of subscribing for Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for Shares, including but not limited to any tax implications.

Each Applicant who submits an Application acknowledges and agrees that:

- (1) he/she has been afforded a meaningful opportunity to review the Prospectus (including the terms and conditions in section 6.5), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
- (2) he/she has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her investment decision; and
- (3) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application.

Section 2

Summary of Key Information on the Invitation

Issuer:	CARGO HANDLERS LIMITED
Securities:	UP TO 8,318,340 ORDINARY SHARES*
Invitation Price:	\$12.50 PER SHARE PAYABLE IN FULL ON APPLICATION. (Priority Share Applicants see * below for Priority Share pricing).
Application:	SEE APPENDIX 1 OF THE PROSPECTUS
Terms and Conditions:	SEE SECTION 6.5 OF THE PROSPECTUS
Payment Method:	MANAGER'S CHEQUE PAYABLE TO MAYBERRY INVESTMENTS LIMITED OR CLEARED FUNDS HELD IN MAYBERRY INVESTMENTS LIMITED ACCOUNT ONLY. ABSOLUTELY NO CASH PAYMENTS WILL BE ACCEPTED.
Timetable of Key Dates:	<p>REGISTRATION AND PUBLICATION OF PROSPECTUS: Thursday 25th November 2010 INVITATION DATE (OPENING and CLOSING of SUBSCRIPTION LISTS ON THE SAME DAY): 9:00 a.m. to 4:30 p.m. Friday 3rd December 2010</p> <p>EARLY APPLICATIONS RECEIVED PRIOR TO THE INVITATION DATE will be received, but not processed until the Invitation Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Invitation Date.</p> <p>CONFIRMATION OF BASIS OF SHARE ALLOTMENTS: All Applicants may refer to the notice that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) within 3 working days of the Invitation Date (or extended Invitation Date, as applicable).</p> <p>RETURNED APPLICATIONS/REFUND CHEQUES: Available for collection from Mayberry Investments Limited within 15 working days of the Invitation Date (or extended Invitation Date, as applicable).</p> <p>ADMISSION OF SHARES TO JUNIOR MARKET OF JSE** Within 3 to 4 weeks of the Invitation Date (or extended Invitation Date, as applicable).</p>

*5,198,996 Shares (the "Priority Shares") are initially allocated for Applications by the following persons: (1) 1,039,826 Priority Shares (the "Employee Priority Shares") for Applications by the Directors, Senior Managers and Employees of the Company at the discounted price of \$10.00 per Share; and (2) 4,159,170 Priority Shares (the "Cargo Handlers Trust Priority Shares") for Application by the Trustees of the Cargo Handlers Trust at the discounted price of \$1 per Share. If any of those Priority Shares are not subscribed by the Priority Share Applicants entitled to make Applications in respect of them, they will become available for allocation to the general public at the Invitation Price of \$12.50. All Shares and Priority Shares must be fully paid on Application. See section 6.5 of this document for terms and conditions.

**The subscription list will close at 4:30 p.m. on the same day, namely the Invitation Date, Friday 3rd December 2010 subject to the right of the Company to: (a) close the Invitation at any time after 9:00 a.m. on the Invitation Date once the issue is fully subscribed, and (b) extend the Invitation Date for any reason including a hurricane, earthquake or other act of God. In either case notice will be posted on the JSE website (www.jamstockex.com).

***It is the intention of the Company to apply to the JSE for admission of the Shares to the Junior Market of the JSE. The application for admission is dependent on the Company's ability to (i) raise at least J\$50 million as a result of the Invitation and (ii) meet the criteria for admission set out in the Junior Market Rules. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted the Junior Market of the JSE.

Cargo Handlers Limited

Registered office: 15 Montego Freeport Shopping Center, Montego Bay, Jamaica
Telephone (876) 979-8109 E-mail hartco@infochan.com

25th November 2010

Dear Prospective Investors,

We are pleased to invite you to purchase and subscribe for up to 8,318,340 Shares in the capital of the Company on the terms set out in this Prospectus.

The Company

The Company and its stevedores provide an essential service, namely cargo loading and unloading at the Montego Freeport. The Freeport is the first deep water harbour on the west of the island and the Company's past and future growth reflects the expansion of the port and the needs of businesses located on the north coast and the west of the island, including tourism, I.T., agriculture, and others.

The Company contracts directly with the shipping lines that come into the Freeport. At present, the Company's stevedores load and unload both containerised and bulk cargo, of which cement, steel, and lumber form the largest part.

The Directors believe that demand for the Company's services will expand as tourism and other business on the north and the west of the island expands, and there is further demand for goods to be shipped in to the island through the Montego Freeport. In particular, the Directors believe that the current proposal by the Government and Royal Caribbean Cruise Lines, for a US\$226 million development of the Falmouth port by the Government, as well as the further development of the 1000 room capacity Fiesta hotel in Lucea, Hanover by a further 800 family suites (amongst other projects), is likely to result in further cargo entering the Montego Freeport to service the construction and other needs of those projects, and thereby creating further demand for the Company's services.

The Invitation and Reserved Shares

In order to build on its core competencies and leverage its strengths the Company is seeking to raise approximately \$53.5 million by inviting Applications for up to 8,318,340 Shares at the Invitation Price of \$12.50 per Share. Of those 8,318,340 Shares, a total of 3,119,344 Shares are initially allocated for subscription by the general public, and 5,198,196 Priority Shares are initially allocated for Applications by the following persons: (1) 1,039,826 Employee Priority Shares for Applications by the Directors, Senior Managers and Employees of the Company at the discounted price of \$10.00 per Share; and (2) 4,159,170 Cargo Handlers Trust Priority Shares for Application by the Trustees of the Cargo Handlers Trust at the discounted price of \$1 per Share. The Cargo Handlers Trust is a trust constituted under a deed dated as of 14th October 2010 under which the employees of the Company, being stevedores, are beneficiaries. Under the Trust any dividends paid by the Company in respect of Shares owned by the Trust will be allocated to the beneficiaries in accordance with the rules of the Trust which provide for support to be given to the stevedores and their dependents while they are employed to the Company.

If any of the Priority Shares are not subscribed by the Priority Share Applicants entitled to make

Applications in respect of them, they will become available for allocation to the general public at the Invitation Price of \$12.50. All Shares and Priority Shares must be fully paid on Application. See section 6.5 of this document for terms and conditions.

The subscription list opens at 9:00 a.m. and closes at 4:30 p.m. on the same day, being the Invitation Date, Friday 3rd December 2010, subject to the right of the Company to shorten or extend the time for closing of the Invitation in the circumstances specified in this Prospectus. If the Invitation is successful in raising at least \$50 million the Shares are expected to be admitted to the Junior Stock Market of the JSE within 3 to 4 weeks of the Invitation Date (or the extended Invitation Date, as the case may be). Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to the Junior Market of the JSE.

Benefits of listing on the Junior Market of the Jamaica Stock Exchange

The Company believes that listing on the Junior Market of the JSE will raise its profile while allowing it to raise funds in order for it to fulfill its strategic plans of expanding the Company's operations as tourism, IT and agribusiness expands in the west of the island, which the Company anticipates will result in more cargo arriving at the Montego Freeport to service the needs of local hotel and tourist attraction operators, as well as local business and agriculture. The Company further believes that the listing will enable it to seek additional equity capital from Shareholders if it was required in order to develop its business.

The Company further believes that a Junior Market listing will enable it to take advantage of a special concessionary tax regime for Junior Market companies provided that the Company remains listed for 15 years. In its first 5 years on the Junior Market, the Company will not be liable to pay any corporate income tax. In years 5 to 10 on the Junior Market, the Company will only be liable to pay corporate income tax at half the usual rate. Furthermore, as is the case with all companies listed on the JSE, Shareholders will not be liable to pay transfer tax in connection with transfers of the Shares. See Section 15.2 of this Prospectus for further details of the tax regime for Junior Market Companies.

Use of Proceeds

The Company intends to use the proceeds of the Invitation to:

- lease a property at the Montego Bay port, alongside Berth 2, in order to increase the Company's capacity for re-distribution of bulk cargo items such as lumber, steel, cement from the port, and to perform the necessary (substantial) leasehold improvements
- purchase a 20 ton heavy forklift for use in bulk cargo operations
- purchase a shore crane to handle increased customer requests for Lift On, Lift Off cargo operations

The Company also intends to use a part of proceeds of the fundraising to pay the expenses of the Invitation which, the Company estimates will not exceed \$10 million (inclusive of brokerage and financial advisory fees, legal fees, auditors' fees, registrar's fees, initial listing fees and GCT), and to establish the Cargo Handlers Trust and to make a loan to that Trust of up to \$10 million in order to assist it to acquire the Cargo Handlers Trust Priority Shares, the dividend income from which will accrue to the benefit of the employees of the Company and their dependants as specified by the Rules of the Trust.

How to make an Application for Shares

We hope that prospective investors will join the current shareholders of the Company in this exciting new phase of its development. Those investors who are interested in making Application for Shares should read the Prospectus in its entirety and the full terms and conditions of the Invitation set out in Section 6.5, and then complete the Application set out in at Appendix 1.

For and on behalf of the Company,
Yours sincerely,



Mark Hart

Chairman and CEO

Section 4

Definitions used in this Prospectus

Act	means the Companies Act, 2004
Allotment	means the allotment of the Shares to successful Applicants by the Jamaica Central Securities Depository Limited, Registrar on behalf of the Company
Applicant	means a person (being an individual or a body corporate resident in Jamaica, whether a Priority Share Applicant or a member of the general public) who submits an Application
Application	means the form of application to be used by Priority Share Applicants and the general public in respect of the Invitation, which is set out in Appendix 1
Articles of Incorporation	means the Articles of Incorporation of the Company adopted as of 14 th October 2010 (as they may be amended by the shareholders of the Company from time to time)
Auditors' report	means the report of PricewaterhouseCoopers, Chartered Accountants dated 25 th November 2010 set out in Section 11 that precedes the Historical Financial Data
Board of Directors	means the Board of Directors of the Company, details of which are set out in Section 8 of the Prospectus
Cargo Handlers Trust	means the trust established by deed dated as of 14 th October 2010 to hold the Cargo Handlers Trust Priority Shares for the benefit of the employees of the Company
Cargo Handlers Trust Priority Shares	means the 4,159,170 Shares in the Invitation that are initially allocated for subscription by the trustees of the Cargo Handlers Trust at the discounted price of \$1.00 per Share
Company	means Cargo Handlers Limited, a company incorporated in Jamaica on 30 th July 1981 (number 19451) with its registered office at Unit 15 Montego Freeport Shopping Centre, Montego Bay, St. James, Jamaica
Director	means a director of the Company
Employee Priority Shares	means the 1,039,826 Shares in the Invitation that are initially allocated for priority applications from directors, senior managers or employees of the Company at the discounted price of \$10.00 per Share
forward looking statements	means the forward looking statements referred to in Section 5 of the Prospectus which are disclaimed by the Company on the terms and for the reasons set out in that Section 5

FSC	means the Financial Services Commission of Jamaica
Historical Financial Data	means the figures set out in Section 11 including those extracted from the audited financial statements of the Company for each of the financial reporting periods ended 30 th September 2005, 30 th September 2006, 30 th September 2007, 30 th September 2008 and 30 th September 2009 and the Unaudited Accounts
Invitation	means the invitation to the public by the Company to subscribe for up to 8,318,340 Ordinary Shares on the terms and conditions set out in Section 6.5 of the Prospectus
Invitation Date	Means Friday 3 rd December 2010 being the date on which the subscription list in respect of the Invitation opens at 9:00 a.m. and closes at 4:30 p.m. <u>on the same day</u> subject to the right of the Company to extend the closing of the Invitation in the circumstances set out in this Prospectus
Invitation Price	means \$12.50 per Share that it is not a Priority Share
JSE	means the Jamaica Stock Exchange
Junior Market	means the Junior Market of the JSE
Mentor	means Andrew McCarthy
Prospectus	means this document, which constitutes a prospectus for the purposes of the Companies Act, 2004 and also, the Securities Act
Priority Share Applicant	Means, in the case of the Employee Priority Shares, the employees, senior managers and Directors of the Company and/or in the case of the Cargo Handlers Trust Priority Shares, the trustees of the Cargo Handlers Trust
Shares	means the no par value ordinary shares in the capital of the Company that are offered for subscription on the terms and conditions set out in this Prospectus and in this Prospectus the expression “Shares” shall include Priority Shares where the context so requires
Shareholders	means holders of the Shares
terms and conditions	means the terms and conditions of the Invitation for review by all Applicants set out in Section 6.5 of the Prospectus
Unaudited Accounts	means the unaudited management accounts of the Company for the 9 months ended 30 th June 2010 that are set out in Section 12 of this Prospectus
\$	means the Jamaican dollar unless otherwise indicated

Section 5

Disclaimer: Forward Looking Statements

Except for the Historical Financial Data concerning the Company contained in this Prospectus, certain matters discussed in this Prospectus, including without limitation the discussions of future plans and financial projections, contain forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words "anticipates", "believes", "expects", "intends" and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Company to the Junior Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing both within and outside of Jamaica, including actual rates of growth of the Jamaican and regional economies, instability, high domestic interest rates or exchange rate volatility
- adverse climatic events and natural disasters
- unfavourable market receptiveness to new products
- changes in any legislation or policy adversely affecting the revenues or expenses of the Company
- any other factor negatively impacting on the realization of the assumptions on which the Company's financial projections are based
- other factors identified in this Prospectus,

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in the Prospectus.

6.1 General Information

The Company is seeking to raise approximately \$53.5 million from the Invitation, resulting from subscriptions by prospective investors for up to 8,318,340 Shares in the Company at the Invitation Price of \$12.50 a Share. A total of 3,119,344 Shares have been initially allocated for subscription by the general public, and 5,198,996 Priority Shares are initially allocated for priority applications by the following persons: (1) 1,039,826 Employee Priority Shares for Directors, Senior Managers and Employees of the Company at the discounted price of \$10.00 per Share; and (2) 4,159,170 Cargo Handlers Trust Priority Shares for priority application by the Trustees of the Cargo Handlers Trust at the discounted price of \$1.00 per Share. The Cargo Handlers Trust is a trust constituted under a deed dated as of 14th October 2010 under which the employees of the Company, being stevedores, are beneficiaries. Under the rules of the Trust any income received from dividends paid by the Company in respect of the Cargo Handlers Trust Priority Shares will be allocated to the beneficiaries in accordance with the Trust's rules.

If any of those Priority Shares are not subscribed by the Priority Share Applicants entitled to make Applications in respect of them, they will become available for allocation to the general public at the Invitation Price of \$12.50. All Shares and Priority Shares must be fully paid on Application.

Prospective investors should read this Prospectus carefully. Those prospective investors who wish to subscribe for Shares should review the full terms and conditions of the Invitation set out in Section 6.5 before completing the Application set out in Appendix 1.

6.2 Minimum Allotment

For the purposes of section 48 of the Companies Act the minimum amount which in the opinion of the Directors must be received by the Company as a result of the subscription of its Shares in the Invitation in order to provide for the matters set out in paragraph 2 of the Third Schedule (the "minimum allotment") is \$50 million. That is also the amount that must be raised by the Company as a result of the Invitation in order for it to gain admission to the Junior Market of the JSE.

6.3. Use of Proceeds

If the Company is successful in raising at least \$50 million as a result of the Invitation it intends to use those monies to:

- Lease a property at the Montego Freeport alongside Berth 2, in order to increase the Company's capacity for re-distribution of bulk cargo items such as lumber, steel, cement from the port, and to perform the necessary (substantial) leasehold improvements
- Purchase a 20 ton heavy forklift for use in bulk cargo operations
- Purchase a shore crane to handle increased customer requests for Lift On, Lift Off cargo operations
- Pay the expenses of the Invitation which, the Company estimates will not exceed \$10 million (inclusive of brokerage and financial advisory fees, legal fees, auditors' fees, registrar's fees, initial fees and GCT)
- Establish the Cargo Handlers Trust and to make a loan to that Trust of up to \$10 million in order to assist it to acquire the Cargo Handlers Trust Priority Shares, the dividend income from which will accrue to the benefit of the employees of the Company and their dependants, and be available for distribution at the Trustees' discretion in accordance with the Rules of the Trust

6.4 Key Dates

An Application for use by all Applicants including Priority Share Applicants and the general public is provided at the end of this Prospectus, together with notes on how to complete it. The Invitation will open for one day only, from 9:00 a.m. to 4:30 p.m. on Friday 3rd December, subject to the right of the Company to (a) close subscription list at any time after 9:00 a.m. on the Invitation Date once the issue is fully subscribed and (b) extend the Invitation Date for any reason including in the event of a hurricane or other act of God. In either case the Company will arrange for an informational notice to be posted on the website of the JSE (www.jamstockex.com). It is expected that the Shares will be admitted to the Junior Market of the JSE within 3 to 4 weeks of the Invitation Date (or the extended Invitation Date, as the case may be) and that dealings will commence on that date. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to trading on the Junior Market of the JSE.

6.5 Terms and Conditions for Applicants

1. All Applicants (whether Priority Share Applicants or members of the general public) must submit the original Application provided at Appendix 1 to this Prospectus.
2. Priority Share Applicants must specify their status on the Application. Each Priority Share Applicant must make payment for the number of Priority Shares specified in the Application as set out in paragraph 6 below.
3. All Applicants will be deemed to have accepted the terms and conditions of the Invitation and any other terms and conditions set out in this Prospectus, including the Appendix.
4. Each Applicant acknowledges and agrees that:
 - (a) he/she has been afforded a meaningful opportunity to review the Prospectus (including the terms and conditions in this section 6.5), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;
 - (b) he/she has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her investment decision; and
 - (c) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application.
5. Applications from the general public must request a minimum of 1,000 Shares and be made in multiples of 1,000. Applications from the general public in other denominations will not be processed or accepted.
6. All Applications must be delivered to Mayberry Investments Limited at 1½ Oxford Road, Kingston 5, Saint Andrew ("Mayberry") together with payment for the specified number of Shares in the form of either:
 - (a) a manager's cheque made payable to **Mayberry Investments Limited**; or
 - (b) authorization from the Applicant on the Application, instructing Mayberry to make payment

from cleared funds held with Mayberry in an investment account in the Applicant's name.

Shares that are not Priority Shares are priced at the Invitation Price of \$12.50 per Share. Employee Priority Shares are priced at the discounted price of \$10.00 per Share, and the Cargo Handlers Trust Priority Shares are priced at \$1.00 per Share. A processing fee of \$100.00 must also be included with payment for the Shares, for each Application submitted.

7. **Applications submitted in advance of the Invitation Date will be received but not processed. All advance Applications will be treated as having been received at 9:00 a.m. on the Invitation Date. All Applications received from 9:00 a.m. onwards on the Invitation Date will be time stamped for processing in the order in which they were received. Applications that meet the requirements set out in this section 6.5 will be accepted on a first come, first served basis.**
8. For the purposes of paragraph 6 above the Company, in its sole discretion, may:
 - (a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors or agents shall be liable to any Applicant or any other person for doing so; and
 - (b) allot Shares to Applicants (including any category of Applicant) on a *pro rata* or other basis if the Invitation is oversubscribed prior to the closing of the subscription lists.
9. Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Shares by the Jamaica Central Securities Depository on behalf of the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares, subject to the Articles of Incorporation of the Company and these terms and conditions.
10. Successful Applicants will be allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Applications. Applicants may refer to informational notice that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date. Applicants who wish to receive share certificates must make a specific request to the Jamaica Central Securities Depository.
11. The Company will endeavour to return cheques for the amounts refundable to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, to Mayberry Investments Limited within 10 working days after the Invitation Date (or the extended Invitation Date, as the case may be) or as soon as practicable thereafter. Each refund cheque will be sent to Mayberry Investments Limited for collection by the Applicant (or the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so.
12. Applicants must be at least 18 years old.

Section 7

Information about the Company

7.1 The Company

History

In 1967 the Montego Freeport deep water harbour was completed and for the first time, ships were able to dock alongside in Montego Bay. The stevedores working at the old Montego Bay wharves downtown were re-employed by Montego Freeport, of which Antony Hart, C.D. (Executive Chairman of the Company) was the developer and Chairman.

In 1981, the original investors in Montego Freeport Limited sold the majority of the Company's shares to the Prudential Corporation and that entity was not interested in operating a stevedoring company. The stevedoring operations were therefore taken over by Antony Hart C.D., and Jane Fray, the former financial controller of Montego Freeport Limited. As the original shareholders, they operated the Company and were later joined by Mark Hart. The 3 continue to run the business today.

Stevedoring Operations

The Company employs 69 stevedores and 3 management staff. Of the 69 stevedores 18 are permanent employees, 29 are "permanent casual" employees who are engaged to provide extra capacity as required, and 22 are temporary employees.

The stevedores of the Company typically obtain shipping schedules for the Montego Freeport in advance, and they, together with their managers, typically organise their human resources according to the needs of the shipping lines that are due in the port. The stevedores are responsible only for unloading and loading cargo, whether it is containerised or bulk cargo including cement, sand, lumber and steel.

The stevedores of the Company have been members of the Bustamante Industrial Trade Union since they worked at the Montego Bay wharves downtown, and later, at what is now the Montego Freeport. The current collective bargaining agreement between the Company and the Union expired on 31st October 2009 and is currently being renegotiated along with the collective bargaining agreement for the stevedores of Kingston Wharves. The Company has historically maintained good relations with the union and its representatives and that is still the case. To date, the stevedores and the Union have never taken industrial action against the Company.

Cargo Handlers Trust

The Directors of the Company are also pleased to advise of the establishment of the Cargo Handlers Trust. The first trustees of the Trust are F. Anthony Bowen, John Byles, and Mark Hart (the latter being a Director and significant shareholder in the Company).

The beneficiaries of the Cargo Handlers Trust are the stevedores of the Company. The Company has made an interest free loan to the Trust of up to \$10 million, for the purposes of the Trustees' acquisition of the Cargo Handlers Trust Priority Shares. Under the Rules of the Trust, dividend income from the Cargo Handlers Trust Priority Shares will be paid to the Trustees who will then be entitled to make monetary awards to the stevedores and their dependents in accordance with the discretions set out therein.

Strategic Goals

The Directors note that the Montego Freeport is continuing to expand as tourism, agriculture, and I.T. business in the western end of the island expands. The Company anticipates that, in those circumstances, demand for its cargo operations will also continue to expand in order to service the needs of local hoteliers,

tourism operators, as well as business and agriculture. In particular, the Directors believe that the proposed US\$226 million development of the Royal Caribbean Cruise Lines pier at Falmouth by that cruise company together with the Government of Jamaica, and the expansion of the 1000 room capacity Fiesta hotel in Lucea, Hanover by an additional 800 family suites, and other projects and developments that support them, will result in increased demand for the Company's cargo services as more goods are landed at Montego Freeport.

Competition

Since the Company was established, it has operated the sole stevedoring service at the Montego Freeport.

7.2 Corporate Structure

The Company was incorporated and began trading on 30th July 1981 (no. 19,451 on the Register of Companies). The Company is a provider of cargo handling services to ships in Montego Bay Port.

The Company currently has no subsidiaries. In August 2010 it sold its majority stake (56%) in the company Bilton Limited on arm's length terms for \$16 million to another shareholder of that company. The Company's investment in Bilton Limited was not consolidated in the audited accounts of the Company and was instead shown as an investment. Having reviewed that investment and determined that it is not a part of the Company's core business, it has now been sold.

7.3 Authorised and Issued Share Capital and details of the Shares in the Invitation

As at Monday 22nd November 2010, the latest practicable date prior to publication of this Prospectus, the authorised and issued share capital of the Company was as follows.

Authorised: 46,620,000 Shares

Issued: 33,306,660 Shares

The Shares that are subject to the Invitation are to be newly issued Shares of the Company for subscription by successful Applicants (including Priority Share Applicants).

At an extraordinary general meeting of the Company held as of 14th October 2010 the Shareholders of the Company approved the following actions:

- an increase in the number of Shares the Company is authorised to issue, of 699,900 Shares (from 100 Shares to 700,000 Shares)
- a capitalisation issue of 500,000 Shares (5,000 shares for each 1 share held by the existing Shareholders, issued fully paid in order to provide the Company with the authorised minimum capital required for a public company by the Companies Act, 2004)
- the subdivision of each Share in the capital of the Company into 66.6 Shares
- the re-registration of the Company as a public company under the Companies Act
- the adoption of new Articles of Incorporation
- the appointment of Andrew McCarthy as Mentor and non – executive director of the Company and Theresa Chin as non – executive director of the Company.

7.4 Major Shareholdings

As at Monday 22nd November 2010, the latest practicable date prior to publication of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company,

beneficial holdings) were as follows:

Name of Shareholder	Number of Shares before Invitation Date	% of Issued Share Capital before Invitation Date
Antony Hart, C.D.	11,324,264	34%
Mark Hart	10,991,198	33%
Jane Fray	10,991,198	33%
Total Issued Share Capital	33,306,660	100%

After the subscription lists for the Invitation are closed, and assuming that the Invitation is fully subscribed by the public and also, by relevant Reserved Share Applicants, the percentage shareholdings in the Company will be as follows:

Name of Shareholder	Number of Ordinary Shares after Invitation Date	% of Issued Share Capital after Invitation Date (rounded)
Antony Hart, C.D.	11,324,264	27.2%
Mark Hart	10,991,198	26.4%
Jane Fray	10,991,198	26.4%
Shares available to the general public at the Invitation Price of \$12.50	3,119,344	7.5%
Shares available to the Employee Priority Share Applicants at the discounted price of \$10.00	1,039,826	2.5%
Shares available to the Cargo Handlers Trust Priority Applicants at the discounted price of \$1.00	4,159,170	10.0%
Total Issued Share Capital	41,625,000	100%

7.5 Applicable Regulatory Regime

The scope of the Company's operations, namely the loading and unloading of goods from vessels that have docked in the Montego Bay port, fall under the overall regulatory jurisdiction of the Port Authority by virtue of section 6 of the Port Authority Act 1972, which states that the duties of the Port Authority are to "regulate the use of all port facilities in a port". The definition of "port facilities" set out in the Act includes facilities for the loading and unloading of goods, however the provision of such services by the Company does not require a license or permit from, or annual reporting to, the Port Authority. The Company contracts directly with vessels entering into the port which require loading and unloading services.

7.6 Intellectual and Real Property

As at Monday 22nd November 2010, being the latest practicable date prior to the publication of this Prospectus, the Company has the following interests in real property:

The Company utilises office space at the Montego Freeport under a license arrangement with Advisors Limited, a company controlled by Antony Hart and Jane Fray, both of whom are also directors and significant Shareholders of the Company. The Company does not contribute to the costs of the lease (which are minimal in any case).

The Company has no intellectual property save for user rights under standard form software licenses.

7.7 Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons in the 2 years preceding Monday 22nd November 2010, the latest practicable date prior to the publication of this Prospectus, and earlier (as the case may be):

The Company entered into a \$15 million overdraft facility agreement with the Bank of Nova Scotia on 13th June 2008. Interest is charged at the rate of 1.5% above the Bank's prevailing Base Lending Rate. The facility is renewable annually and it secured by a mortgage over real property owned by Bilton Limited (an associated company in which the Company had a stake that was recently divested) as well as an unlimited guarantee provided by the Company, and an unlimited guarantee granted by its principal shareholders Antony Hart, C.D., Jane Fray, and Mark Hart.

In addition to the above, August 2010 the Company sold its majority stake (56%) in the company Bilton Limited in a related party transaction on arm's length terms for \$16 million to another shareholder of that company. The Company's investment in Bilton Limited was not consolidated in the audited accounts of the Company and was instead shown as an investment.

The Company further considers the Cargo Handlers Deed of Trust dated 14th October 2010 entered into by it with the initial trustees F. Anthony Bowen, John Byles and Mark Hart (the latter being a director and significant shareholder of the Company), for the purposes of the establishment of the Cargo Handlers Trust, together with the Rules thereto, to be material.

The Company also considers its contracts with shipping lines that frequent the Montego Freeport to be material. Such shipping lines include Seaboard and Seafreight. The Company's contracts are formed on a one – off basis directly with the shipping line in question. The consideration payable under them varies in accordance with the loading and unloading requirements of the vessel and is payable on presentation of the Company's invoice on the date the loading or unloading services are carried out.

The Company considers its collective bargaining arrangements with the Bustamante Industrial Trade Union, which represents the stevedores, to be material. The current arrangement expired on 31 October 2009 and is being re-negotiated concurrently with the arrangement for stevedores at Kingston Wharves.

The material contracts referred to in this section (together with certain other documents) will be available for inspection as described in Section 16.

7.8 Litigation

As at Monday 22nd November 2010 being the latest practicable date prior to the publication of this Prospectus, there were no litigation, arbitration, or similar proceedings pending or threatened against the Company, nor do the Directors believe that there are circumstances which may give rise to such

proceedings.

7.9 Dividend Policy

The Directors expect that in the absence of any adverse changes in the Jamaican economic climate, the profits of the company will continue to grow. Accordingly, the Board anticipates a payment of an annual dividend of not less than 25% of the annual after tax profits where such profits are available for distribution, subject to the Company's need for reinvestment of some or all of its profits from time to time in order to finance its growth and development.

7.10 Insurance Arrangements

The Company has procured insurance cover for certain of the risks facing its operations. The current cover includes (amongst other things) group personal accident insurance to cover the stevedores. The policies are current to 31st March 2011. The Company also has catastrophe insurance that is current to 31st December 2010, which it may not elect to renew. The Company's equipment is self insured.

7.11 Charges Registered Against the Company

As at Monday 22nd November 2010, the latest practicable date prior to the publication of the prospectus, the following are the charges that have been registered against the public file of the Company kept by the Registrar of Companies:

Mortgage dated 9th October 1987 stated to be unlimited and stamped to secure the initial sum of \$100,000. This charge was not given by the Company but rather by its former investee company Bilton Limited, an associated entity. As of August 2010 the Company has divested its stake in Bilton Limited but, as far as it is aware, the security remains in place. The Company will consider the matter further with its bankers in the near future.

Section 8 Directors and Senior Officers and their Interests

8.1 Biographical details of the Directors of the Company

Brief biographical details of the Directors and Senior Managers of the Company appear below. All of the Directors may be contacted at the registered office of the Company, Unit 15 Montego Freeport Shopping Centre, Montego Bay, Saint James, Jamaica, Telephone (876) 979-8109 e-mail hart@infochan.com

Antony Hart, C.D. (appointed May 1998) Executive Chairman of the Board

Antony (“Tony”) Hart is a prominent local businessman. He is a graduate of Munro College and the recipient of an honorary doctorate from the University of Technology. In recognition of his distinguished service to the country and its businesses Mr. Hart was also awarded the honorary status of Commander of Distinction (C.D.) by the Government of Jamaica.

Mr. Hart founded Records Limited, the first record manufacturing company in Jamaica in 1951. He is the past Chairman of Air Jamaica Limited (1980 – 1988) and the past Chairman and Managing Director of the Montego Freeport (1967 – 1980). Mr. Hart is also a past director of the Jamaica Industrial Development Corporation, the Bank of Nova Scotia Jamaica Limited, and others. Currently, he serves as (amongst others) the Chairman of Caymanas Track Limited, and as a director of the Coconut Industry Board, Seprod Limited, Hart Investments Limited, and the Blue Power Group Limited, a JSE Junior Market listed company.

Mark Hart, B.Sc. J.P. (appointed December 1983) Chief Executive Officer

Mark Hart is the Chief Executive Officer of the Company. He is a graduate of the University of Miami. He brings to the Company his considerable experience in management, as Mr. Hart is also the Chief Executive Officer of the Hart Group of Companies including Caribbean Producers of Jamaica Limited, and he is also Chairman of Montego Bay Ice Company Limited, a JSE Main Market listed company.

Mr. Hart has also served as a member of the Board of Directors of Dehring Bunting and Golding Limited (now Scotia DBG Investments Limited) and is the current Chairman of the Airports Authority of Jamaica.

Jane Fray (appointed August 1981) Financial Director

Jane Fray is a Director and shareholder of the Company. Ms. Fray became associated with the Hart family shareholders of the Company in 1978 when she worked for Montego Freeport Limited the predecessor of the Company’s stevedoring operations, as its financial controller. Prior to that Ms. Fray spent over 5 years with KPMG as an auditor. When the Company was formed in 1981 she joined as Financial Director.

Andrew McCarthy Non Executive Director and Mentor to the Board

Mr. McCarthy brings to the Board his experience in financial services. A chartered accountant, he is currently a private consultant. Mr. McCarthy was previously the financial controller of the companies owned by the Hart family shareholders (2001 to 2004) and prior to that, he was Financial Controller of Almond Beach Resorts (Barbados) as well as Friends Resorts International, and the assistant Financial Controller of the Sandals Resorts International group.

Mr. McCarthy will participate in the corporate governance of the Company as a member of the Audit and Remuneration Committees of the Board, both of which are required to be established under the Junior Market Rules. Mr. McCarthy will also act as the Mentor to the Board, and be responsible for advising it on the implementation of adequate procedures, systems and controls for financial reporting, corporate governance, timely disclosure of information to the market, and compliance generally as is required under the Junior Market Rules.

Theresa Chin
Non-Executive Director

Theresa Chin is a graduate of York University, Toronto Canada where she gained a Bachelor of Science degree in Mathematics. Mrs. Chin has worked with the Hart family shareholders since 1993. She is currently the Managing Director of Montego Bay Ice Company as well as acting as Financial Manager for the other group companies. Prior to joining the Harts, Mrs. Chin worked as a financial analyst for the Four Seasons Hotel, Toronto, Canada, as a tax consultant for the Borough of East York, Toronto, Canada and as an auditor at Deloitte & Touche.

Mrs. Chin will also serve on the Audit and Remuneration Committees of the Board, both of which are required to be established under the Junior Market Rules.

8.2 Directors' Interest in Shares

The Directors' interests in the Shares of the Company (including legal and beneficial holdings) as at Monday 22nd November 2010, the latest practicable date prior to the publication of the Prospectus are set out below.

Name of Director	Number of Shares before Invitation Date	% of Issued Share Capital before Invitation Date
Antony Hart, C.D.	11,324,264	34%
Mark Hart	10,991,198	33%
Jane Fray	10,991,198	33%
Andrew McCarthy	0	0%
Theresa Chin	0	0%

Save as set out above, no Director or senior manager holds or receives Shares, or options in respect of Shares, in consideration of the services rendered by him or her to the Company. Please note however that the Directors and senior managers are eligible to subscribe for Priority Shares in the Invitation.

Section 9

Management Discussion and Analysis

The Company is involved in the provision of stevedoring services (inclusive of work-force and management) for loading and off-loading of cargo at the Montego Freeport. The Company has over 25 years of experience and is accustomed to discharging even the most challenging of vessel loads.

The Company's founder, majority shareholder, Mr. Antony ("Tony") Hart, C.D. was the proponent behind the establishment of the Montego Freeport, which created Montego Bay's first deepwater harbour. The creation of the harbour led to the relocation of port operations from Harbour Street to the new deep water piers at Montego Freeport. The establishment of the port had a significant effect on cargo operations which, at that time, were cumbersome: cargo had to be off loaded onto canoe-like boats called lighters and the lighters were then rowed to the old docks in downtown Montego Bay for discharge. The old warehouses along the Montego Bay waterfront have long been removed and been replaced by the Howard Cooke Highway and the "dump-up" beach development. The Directors believe that the Montego Freeport deepwater port facilities were a driver for the rapid growth that would eventually establish Montego Bay as Jamaica's "second city".

Since the Company was incorporated in 1981 there has been an evolution of the types of cargo at the Montego Freeport. In the mid 1980s, there were a number of apparel manufacturing factories in Western Jamaica but the only regular scheduled containerised services for imports to, and exports from, those factories were located across the island, in Kingston. In the next decade, employment in the garment sector in Western Jamaica grew to employ thousands of people and the Directors believe that the establishment of the Montego Freeport served as an integral catalyst for that growth. The Directors also believe that growth in light industrial activity in Western Jamaica also led to the establishment of regular containerised services at Montego Freeport. The Directors further believe that these events in the island's history were significant in establishing scheduled calls at the Montego Freeport and in particular, because the garment factories demanded the regular importation of raw materials and the regular exportation of finished sewn products. In addition to the specific importation requirements of the industry, the town had now been officially designated a city and the increasing population created further demand for the Port of Montego Bay.

While the garment industry provided the impetus for the Montego Freeport's growth in the 1980s, starting in late 1990s the industry experienced a severe downturn however the Directors note that despite the loss in cargo operations due to the downturn of the garment sector, overall cargo volumes continued to grow as Montego Bay became established as an economic center for the west of the island.

The Company's cargo activities are currently categorised into containerised and non-containerised general cargo operations. It provides services to containerised cargo vessels entering the Freeport that require either roll-on roll-off ("ro-ro") or lift-on lift-off ("lo-lo") discharge operations. Currently, the Company's lo-lo discharge operations are handled utilising ships' cranes; however, as the lo-lo business is relatively new and the Company experiences developments in the volume of cargo being brought to Jamaica requiring crane discharge, the Directors believe that there will be a need for the Company to invest part of the proceeds of the Invitation in the installation of a shore crane. On the other hand, the Company's non-containerised general cargo operations consist of discharging cement, steel, equipment, and construction materials.

The Company is the sole provider of stevedoring services at Montego Freeport. The Directors note that that position could change in future if, for instance, competing stevedore services were established at the Freeport, or if due to a tender for services by the government or the Port Authority, another company was

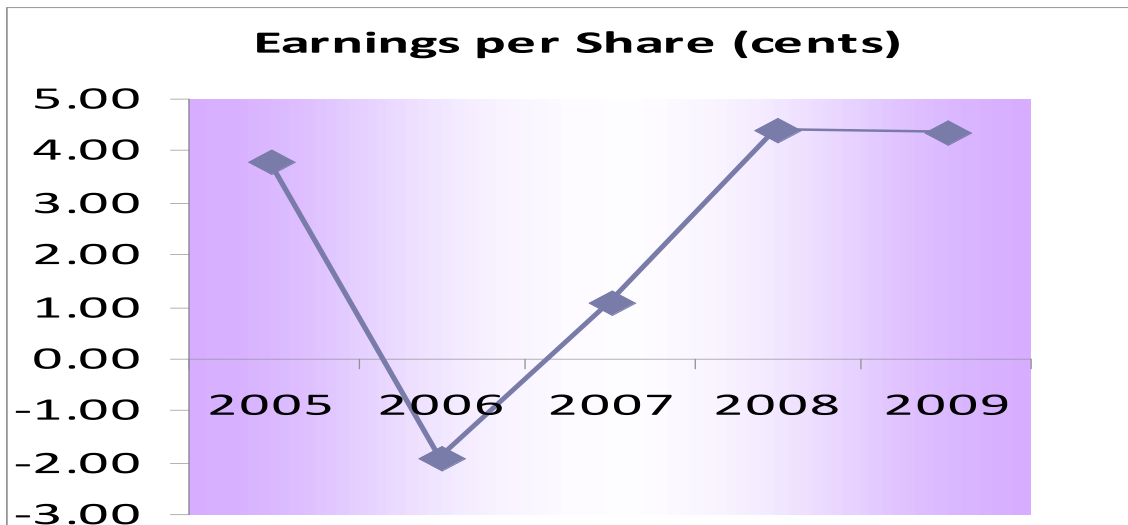
allowed to establish stevedore services at the Freeport in preference to those offered by the Company. In the meantime the Directors believe that the Company is in a strong position, having established good relations with the shipping and cruise lines who frequent the Montego Freeport with whom it contracts directly and also, with the local population who provide stevedore services. The Directors note that even before the Company was incorporated, its founder had oversight of the stevedoring services at the Freeport and notably, several of the current port workers are descendants of the original stevedores who worked at the old docks located downtown. The Company's stevedores are unionised and represented by the Bustamante Industrial Trade Union however, there has never been a strike or similar industrial action at Montego Freeport, even when port workers in Kingston were striking. The Directors believe that this is due to the fact that the Company has always endeavoured to maintain excellent industrial relations with its workers and to recognise their contributions to its earnings over the decades. For this reason, the Directors have also decided to reserve a portion of the Shares in the Invitation that is equivalent to 10 percent of the Shares in the Company on a fully diluted basis, for the creation of a trust to benefit its workers.

The Directors are of the view that the Company's proposal for admission to the Junior Stock Exchange, if successful, will assist it to continue to grow given the concessionary tax regime that will apply to the Company from the time of its listing. In light of those potential savings, the Directors are also currently considering the feasibility of further investment by the Company into the Montego Freeport, amongst other proposals. They also anticipate that the continued growth of tourism focusing on the west of the island, including the 800 family suite expansion of the 1000 room Fiesta hotel in Lucea, Hanover, and the establishment of the Royal Caribbean cruise ship pier at Falmouth, will cause demand for cargo services to increase as goods are brought in to the island for construction and ongoing servicing of those and other developments.

Section 10

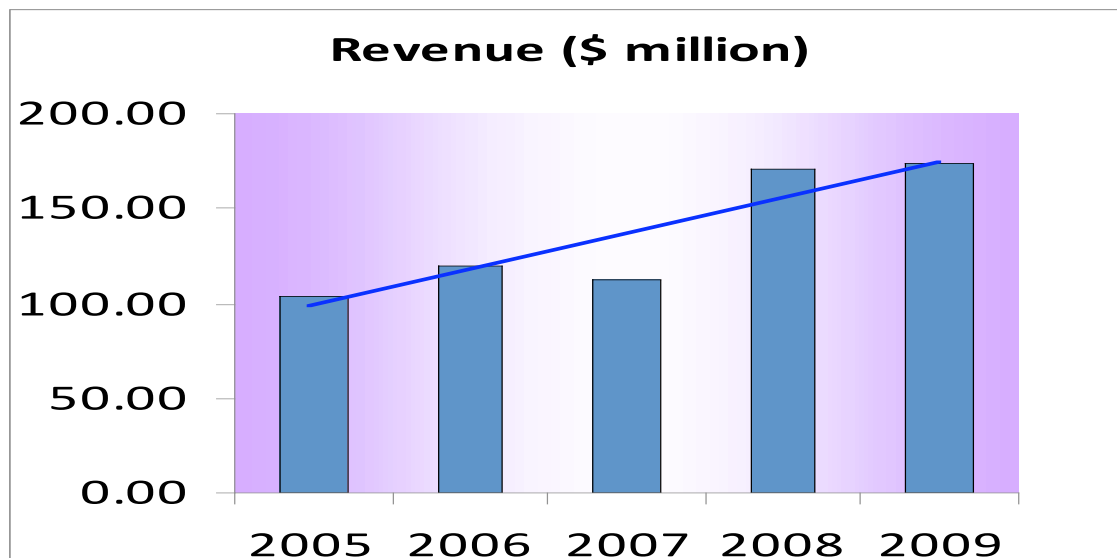
Financial Highlights

10.1 Earnings Per Share Ratio



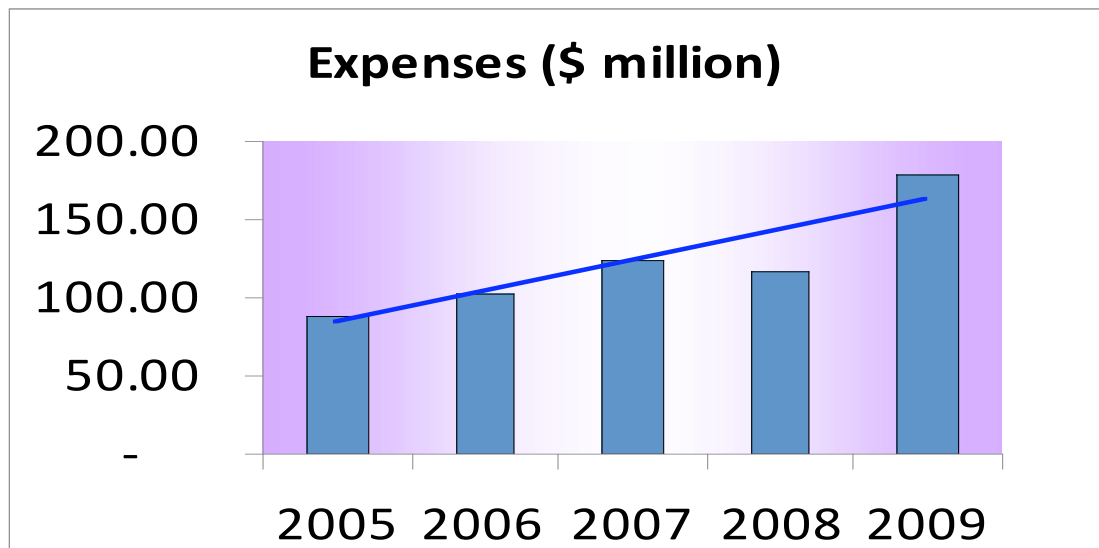
Earnings have improved by approximately 15% over the past five financial years as represented in the Historical Financial Data. In 2005, earnings per share were \$3.78 increasing to \$4.36 in 2009. In 2006, a loss of \$640,000 was recorded as a result of expenses growing faster than income, however in subsequent years the Company returned to profitability and this in turn improved the earnings per share ratio.

10.2 Revenue Growth Analysis



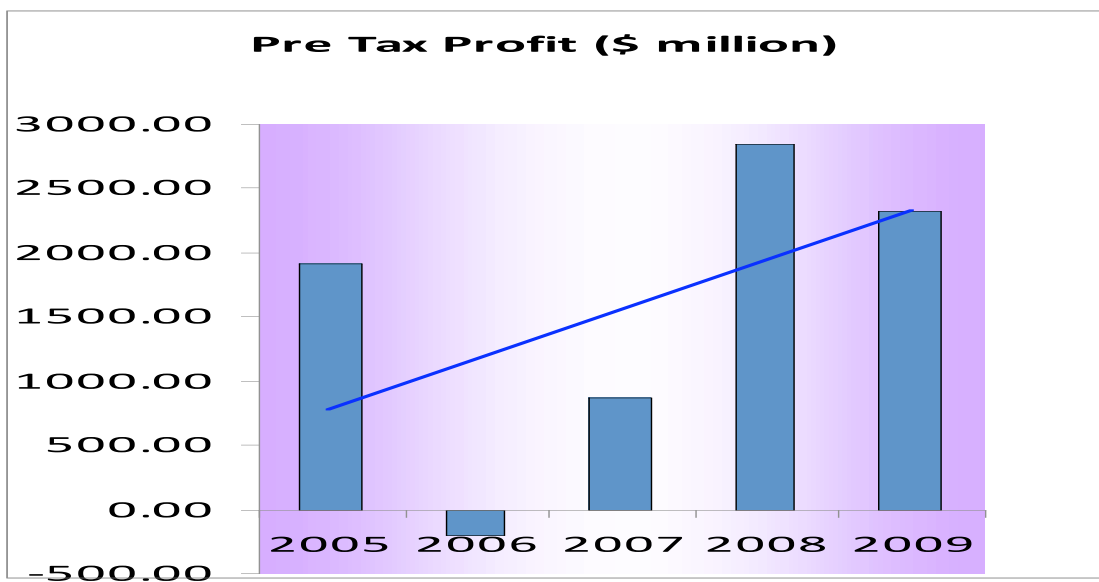
The Company's revenues have increased by 67.86% over the five year period represented by the Historical Financial Data, growing from \$103 million in 2005 to \$174 million in 2009. The greatest increase was noted between 2007 and 2008 when revenues grew by 52%.

10.3 Expense Growth Analysis



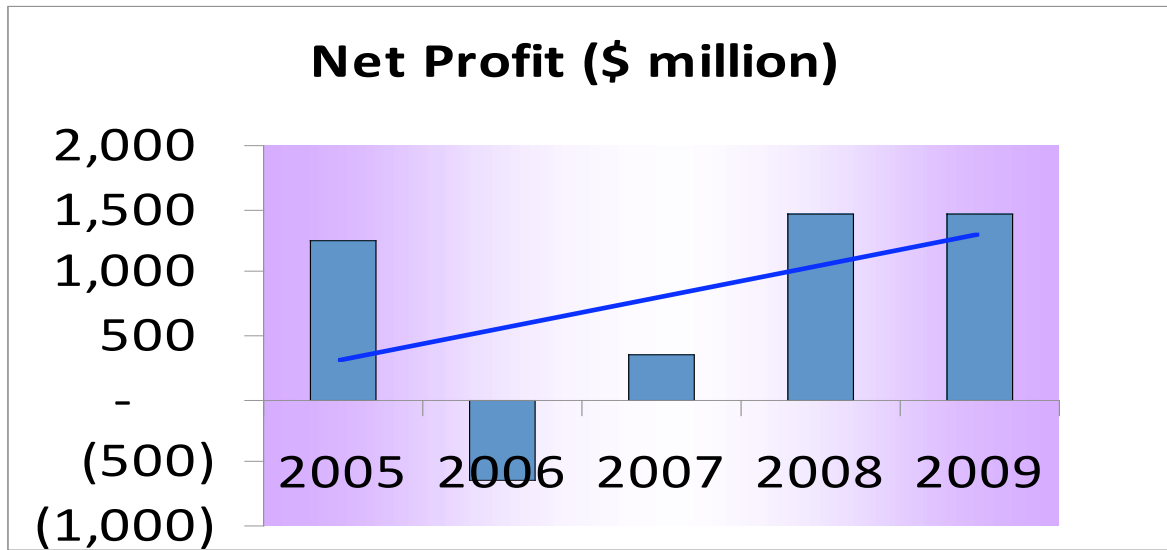
The Company's expenses have increased over the five year period represented by the Historical Financial Data, from \$102 million in 2005 to \$176 million in 2009. This represents an annual average growth in expenses of 15%.

10.4 Pre Tax Profit Analysis



The Company's pre-tax profit totaled \$2.3 million in 2009; a 21% increase over the \$1.9 million earned in 2005. For the year 2006, a pre-tax loss was recorded as a result of expenses increasing at a faster rate than revenues; expenses grew by 22% relative to a 16% growth in revenues.

10.5 Net Profit Analysis



The movement in net profit over the 5 year period represented by the Historical Financial Data reflects the movement in pre-tax profits over that same period. Net profits grew from \$1.3 million in 2005 to \$1.5 million in 2009 with the most significant growth seen in 2008 - growth year over year profits grew by 304%.

Section 11 Auditors' Report and Historical Financial Data

Independent Auditors' Report

To the Board of Directors of
Cargo Handlers Limited
Montego Freeport Shopping Centre
Montego Bay

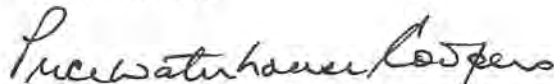
We have audited, in accordance with International Standards on Auditing, the financial statements of Cargo Handlers Limited as at and for each of the years ended 30 September 2005, 30 September 2006, 30 September 2007, 30 September 2008 and 30 September 2009.

In our opinion, the extracted balance sheets and income statements set out in Section 11 of the prospectus are consistent, in all material respects, with the financial statements referred to above, from which they were derived.

In our reports dated 1 February 2006, 2 March 2007, 4 July 2008, 20 March 2009 and 4 March 2010, respectively, we expressed adverse opinions on those financial statements. The basis of our adverse opinions is the fact that, in contravention of International Financial Reporting Standards, the company has not consolidated the financial statements of its subsidiary, Bilton Limited, which is accounted for on a cost basis by the company.

For a better understanding of the company's financial position at the balance sheet dates referred to above, the results of its operations for each of the periods ended on those dates, and the scope of our audit, the extracted balance sheets and income statements should be read in conjunction with the financial statements from which they were derived and our audit reports thereon.

Yours faithfully,


Chartered Accountants

25 November 2010
Montego Bay, Jamaica

Historical Financial Data

30 September

	2005 \$	2006 \$	2007 \$	2008 \$	2009 \$
Non-Current Assets					
Property, plant and equipment	3,948,537	3,541,925	3,182,898	7,381,321	9,387,693
Subsidiary company	14,905,667	14,905,667	14,905,667	14,905,667	14,905,667
Related companies	10,218,498	32,709,437	61,097,926	33,333,708	12,364,372
Long term receivable	1,305,630				
Deferred tax asset		291,022	351,384		
Current Assets					
Inventories	470,449	1,497,666	1,554,726		
Receivables	21,002,818	21,024,346	15,525,439	21,390,787	18,842,989
Taxation recoverable	45,910	94,763	66,542	113,888	137,458
Short term investment	10,646,972				
Cash	2,613,041	5,907,389	7,340,688	7,688,436	25,169,590
	34,779,190	28,524,164	24,487,395	29,193,111	44,150,037
Current Liabilities					
Payables	10,566,346	10,859,294	21,100,986	14,210,771	13,719,395
Directors' current account	51,142,921	68,799,768	81,913,921	67,787,123	63,325,145
Taxation	184,254	802,616	569,179	943,362	753,873
Borrowings	2,980,965	33,045	602,357	483,122	50,204
	64,874,486	80,494,723	104,186,443	83,424,378	77,848,617
Net Current Liabilities	(30,095,296)	(51,970,559)	(79,699,048)	(54,231,267)	(33,698,580)
	283,036	(522,508)	(161,173)	1,389,429	2,959,152
Shareholders' Equity					
Share capital	100	100	100	100	100
Capital reserve	172,311	172,311	172,311	172,311	172,311
Retained earnings	(54,878)	(694,919)	(333,584)	1,125,972	2,577,933
	117,533	(522,508)	(161,173)	1,298,383	2,750,344
Non Current Liability					
Deferred tax liability	165,503			91,046	208,808
	283,036	(522,508)	(161,173)	1,389,429	2,959,152

Historical Financial Data

Cargo Handlers Limited

Profit and Loss Account

Years ended 30 September

	2005	2006	2007	2008	2009
	\$	\$	\$	\$	\$
Revenue	103,485,545	119,713,418	112,284,059	170,579,005	173,696,852
Other income	3,425,754	7,686,615	7,867,045	11,709,454	7,913,457
Administrative expenses	(57,336,847)	(50,980,900)	(3,919,881)	(6,520,624)	(6,590,480)
Other operating expenses	(44,415,371)	(73,650,535)	(112,416,712)	(171,292,595)	(169,434,334)
Operating Profit	5,159,081	2,768,598	3,814,511	4,475,240	5,585,495
Finance costs	(3,241,710)	(2,975,655)	(2,944,359)	(1,629,892)	(3,261,899)
Profit/(Loss) Taxation	1,917,371	(207,057)	870,152	2,845,348	2,323,596
Taxation	(657,560)	(432,984)	(508,817)	(1,385,792)	(871,635)
Net Profit/(Loss)	1,259,811	(640,041)	361,335	1,459,556	1,451,961

Cargo Handlers Limited

**Financial Statements
30 September 2009**

Cargo Handlers Limited

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30 September 2009

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Statement of cash flows	4
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Independent Auditors' Report

To the Members of
Cargo Handlers Limited

We have audited the accompanying financial statements of Cargo Handlers Limited set out on pages 1 to 28, which comprise the balance sheet as of 30 September 2009 and the profit and loss account, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Members of Cargo Handlers Limited
Independent Auditors' Report
Page 2

Basis for Adverse Opinion

As explained in Note 12(d) the company has not consolidated the financial statements of its subsidiary Bilton Limited. This investment is accounted for on the cost basis. Under International Financial Reporting Standards, the subsidiary should have been consolidated because it is controlled by the company. Had Bilton Limited been consolidated, many elements in the accompanying financial statements would have been materially affected.

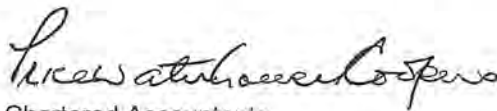
Adverse Opinion

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, in all material respects the financial position of the company as of 30 September 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Additional Requirements of the Jamaican Companies Act

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.



Chartered Accountants

4 March 2010
Montego Bay, Jamaica

Cargo Handlers Limited

Profit and Loss Account

Year ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2009 \$	2008 \$
Revenue		173,696,852	170,579,005
Other income	6	7,913,457	11,709,454
Administrative expenses		(6,590,480)	(6,520,624)
Other operating expenses		<u>(169,434,334)</u>	<u>(171,292,595)</u>
Operating Profit		5,585,495	4,475,240
Finance costs	9	<u>(3,261,899)</u>	<u>(1,629,892)</u>
Profit before Taxation		2,323,596	2,845,348
Taxation	10	<u>(871,635)</u>	<u>(1,385,792)</u>
Net Profit		<u><u>1,451,961</u></u>	<u><u>1,459,556</u></u>

Cargo Handlers Limited

Balance Sheet

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2009 \$	2008 \$
Non-Current Assets			
Property, plant and equipment	11	9,387,693	7,381,321
Subsidiary company	12	14,905,667	14,905,667
Related companies	12	12,364,372	33,333,708
Current Assets			
Receivables	14	18,842,989	21,390,787
Taxation recoverable		137,458	113,888
Cash	15	25,169,590	7,688,436
		44,150,037	29,193,111
Current Liabilities			
Payables	16	13,719,395	14,210,771
Directors' current account	12	63,325,145	67,787,123
Taxation		753,873	943,362
Borrowings	17	50,204	483,122
		77,848,617	83,424,378
Net Current Liabilities		(33,698,580)	(54,231,267)
		2,959,152	1,389,429
Shareholders' Equity			
Share capital	18	100	100
Capital reserve	19	172,311	172,311
Retained earnings		2,577,933	1,125,972
		2,750,344	1,298,383
Non-Current Liability			
Deferred tax liability	13	208,808	91,046
		2,959,152	1,389,429

Approved by the Board of Directors on 4 March 2010 and signed on its behalf by:

Antony Hart

Director

Mark Hart

Director

Cargo Handlers Limited

Statement of Changes in Equity

Year ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Balance as at 30 September 2007	100	172,311	(333,584)	(161,173)
Net profit	-	-	1,459,556	1,459,556
Total recognised income for 2008	-	-	1,459,556	1,459,556
Balance at 30 September 2008	100	172,311	1,125,972	1,298,383
Net profit	-	-	1,451,961	1,451,961
Total recognised income for 2009	-	-	1,451,961	1,451,961
Balance at 30 September 2009	100	172,311	2,577,933	2,750,344

Cargo Handlers Limited

Statement of Cash Flows

Year ended 30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

	2009 \$	2008 \$
Cash Flows from Operating Activities		
Net profit	1,451,961	1,459,556
Items not affecting cash:		
Unrealised exchange gain	3,011,896	67,308
Depreciation	489,022	404,206
Gain on disposal of property, plant and equipment	(35,333)	-
Interest income	(5,083,691)	(6,419,237)
Interest expense	3,261,901	1,629,892
Tax charge	871,635	1,385,792
Provision for bad debts	575,187	(6,000,000)
Changes in operations assets and liabilities:		
Inventories	-	1,554,726
Receivables	2,213,767	134,652
Payables	(491,376)	(6,890,215)
Directors' current account	(4,461,978)	(14,126,798)
Cash provided by/(used in) operating activities	1,802,991	(26,800,118)
Income tax paid	(966,932)	(616,525)
Net cash provided by/(used in) operating activities	<u>836,059</u>	<u>(27,416,643)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,570,061)	(4,602,629)
Proceeds from sales of property, plant and equipment	110,000	-
Interest received	5,083,691	6,419,237
Cash provided by investing activities	<u>2,623,630</u>	<u>1,816,608</u>
Cash Flows from Financing Activities		
Related companies	20,969,336	27,764,218
Interest paid	(3,261,901)	(1,629,892)
Cash provided by financing activities	<u>17,707,435</u>	<u>26,134,326</u>
Increase in net cash and cash equivalents	21,167,124	534,291
Effect of exchange rate on cash and cash equivalents	(3,253,052)	(67,308)
Cash and cash equivalents at beginning of year	7,205,314	6,738,331
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	<u><u>25,119,386</u></u>	<u><u>7,205,314</u></u>

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification

The company is incorporated and domiciled in Jamaica and has its registered office at Montego Freeport Shopping Centre, Montego Bay. The company's principal activity is the provision of stevedoring services.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and conditions, actual results could differ from those estimates. The areas involving a higher degree of judgement and or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

Interpretations and amendments to published standards effective in the current year

Certain new interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new interpretations and amendments as listed below and has determined that they are not relevant and therefore will have no effect on the company's accounting policies.

- IAS 39 (Amendment) - Financial instruments: Recognition and measurement
- IFRS 7 (Amendment) - Financial instruments: disclosures
- IFRIC 11 - IFRS 2 - Group and treasury share transactions
- IFRIC 12 - Service concession arrangements
- IFRIC 13 - Customer loyalty programmes
- IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interactions
- IFRIC 16 - Hedges of a net investment in a foreign operation

Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the company

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been issued which were not effective at the balance sheet date, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments, and has determined that the following may be immediately relevant to its operations, and has concluded as follows:

IAS 1 Presentation of financial statements (Revised) (effective from 1 January 2009).

The main objective in revising IAS 1 was to aggregate information in the financial statements on the basis of shared characteristics. IAS 1 will affect the presentation of owner changes in equity and of comprehensive income. It will not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRS. IAS 1 will require an entity to present, in a statement of changes in equity, all owner changes in equity.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, interpretation and amendments to published standards not yet effective and have not been early adopted by the company (continued)

IAS 1 Presentation of financial statements (Revised) (effective from 1 January 2009) (continued)

All non-owner changes in equity (ie comprehensive income) will be required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income will not be permitted to be presented in the statement of changes in equity. Management is currently assessing the impact of these changes.

IAS 36 (Amendment) - Impairment of assets (effective from 1 January 2009). The objective of this amendment is to ensure that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculations are made. The company will provide the required disclosure where applicable for impairment tests from 1 January 2009.

Standards, interpretations and amendments to published standards that are not yet effective and not relevant for the company's operations

The company has concluded that the following standards, interpretations and amendments not yet effective are not relevant to its operations:

Effective for periods beginning on or after 1 January 2009

- IAS 16 (Amendment) - Property, plant and equipment (and consequential amendment to IAS 7, Statement of cash flows)
- IAS 19 (Amendment) - Employee benefits
- IAS 20 (Amendment) - Accounting for government grants and disclosure of government assistance
- IAS 23 (Amendment) - Borrowing costs
- IAS 27 (Amendment) - Consolidated and separate financial statements
- IAS 28 (Amendment) - Investments in associates (and consequential amendments to IAS 32, Financial Instruments: Presentation, and IFRS 7, Financial instruments: Disclosures)

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (Continued)

Standards, interpretations and amendments to published standards that are not yet effective and not relevant for the company's operations (continued)

Effective for periods beginning on or after 1 January 2009 (continued)

- IAS 29 (Amendment) - Financial reporting in hyperinflationary economies
- IAS 31 (Amendment) - Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial instruments - Puttable financial instruments and obligations on liquidation
- IAS 38 (Amendment) - Intangible assets
- IAS 40 (Amendment) - Investment property (and consequential amendments to IAS 16)
- IAS 41 (Amendment) - Agriculture
- IFRS 1 (Amendment) - First time adoption of IFRS, and IAS 27 Consolidated and separate financial statements
- IFRS 2 (Amendment) - Share-based payments
- IFRS 8 - Operating segments
- IFRIC 15 - Agreements for construction of real estate

Effective for periods beginning on or after 1 July 2009

- IFRS 3 (Revised) - Business combinations
- IFRS 5 (Amendment) - Non-current assets held-for-sale and discontinued operations (and consequential amendment to IFRS 1, First-time adoption)
- IFRIC 17 - Distributions of non-cash assets to owners
- IFRIC 18 - Transfers of assets from customers
- IAS 27 (Revised), Consolidated and separate financial statements

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Revenue recognition

Revenue comprises the fair value of consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of General Consumption Tax. Revenue is recognised as follows:

Sales of services

Sales of stevedoring services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction, assessed on the basis of the actual service provided.

Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on the straight line basis at rates which are expected to write off the carrying value of the assets over their expected useful lives. The rates used are:

Buildings	2½%
Furniture, equipment, trailers and forklifts	10%
Golf carts	20%
Motor vehicle	20%

No depreciation is charged on operating assets. All replacements are charged to the profit and loss account.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in operating profit.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the entity. Major renovations are depreciated over the remaining useful life of the related asset.

(d) Impairment of non-financial assets

Property, plant and equipment and other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the economic environment in which the company operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the profit and loss account of operations as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the investment and other reserves in shareholders' equity.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value, such cost being determined on the first-in first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(g) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the entity will not be able to collect the amounts due according to the original terms of the receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings. Bad debts are written off during the year in which they are identified.

(h) Cash and cash equivalents

Cash is carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, net of bank overdraft. Bank overdraft is shown within borrowings in current liabilities on the balance sheet.

(i) Income taxes

Taxation expense in the profit and loss account comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates applicable at the balance sheet date.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(i) Income taxes (Continued)

Deferred tax is tax that is expected to be paid or recovered on the difference between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits are available against which the temporary differences can be utilised.

Deferred tax is charged or credited in the profit and loss account, except where it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

(j) Payables

Payables are initially recognised at fair value and subsequently stated at amortised cost.

(k) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(l) Employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for these entitlements as a result of services rendered by employees up to the balance sheet date.

(m) Financial instruments

Financial instruments carried on the balance sheet include subsidiary and related company balances, receivables, cash and cash equivalents, payables, borrowings and directors' current account.

The fair values of financial instruments are discussed in Note 4.

(n) Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other in making financial and operating decisions. Related party transactions and balances are recognised and disclosed for the following:

- (i) Enterprises and individuals owning directly or indirectly an interest in the voting power of the company that gives them significant influence over the company's affairs and close members of the families of these individuals.
- (ii) Key management personnel, that is those persons having authority and responsibility for planning, directing and controlling the activities of the company, including directors and officers and close members of the families of these individuals.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(o) Comparative information

Where necessary, certain comparative figures have been restated to conform to changes in presentation in the current year.

3. Financial Risk Management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The entity regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) Credit risk

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the entity by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables from customers and short term deposit activities. The company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

Credit review process

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Trade and other receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the company will not be able to collect the amounts due according to the original terms of the receivables. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowings. Bad debts are written off during the year in which they are identified.

(ii) Cash

Cash is maintained at high credit quality institutions.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Maximum exposure to credit risk

The company's maximum exposure to credit risk at year end was as follows:

	2009	2008
	\$	\$
Trade and other receivables	27,399,781	29,399,129
Cash and cash equivalents	25,139,590	7,658,436
	<u>52,539,371</u>	<u>37,057,565</u>

Exposure to credit risk for trade and other receivables.

The following table summarises the company's credit exposure for trade and other receivables at their carrying amounts, as categorised by the customer sector:

	2009	2008
	\$	\$
Stevedoring	17,138,505	16,855,086
Lumber yard	6,472,293	7,972,293
Other receivables	3,788,983	4,571,750
	<u>27,399,781</u>	<u>29,399,129</u>
Less: Provision for credit losses	<u>(8,651,002)</u>	<u>(8,075,815)</u>
	<u>18,748,779</u>	<u>21,323,314</u>

Ageing analysis of trade and other receivables that are past due but not impaired

Trade receivables that are less than 30 days past due are not considered impaired. As of 30 September trade receivables of \$10,699,528 (2008 - \$6,942,456) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade and other receivables was as follows:

	2009	2008
	\$	\$
31 – 60 days	9,114,207	2,727,932
61 – 90 days	217,500	188,679
Over 90 days	1,367,821	4,025,845
	<u>10,699,528</u>	<u>6,942,456</u>

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (Continued)

The ageing of impaired receivables was as follows:

	2009	2008
	\$	\$
Over 90 days	8,651,002	8,075,815
	<u>8,651,002</u>	<u>8,075,815</u>

Movement analysis of provision for impairment of trade and other receivables

The movement on the provision for impairment of trade and other receivables was as follows:

	2009	2008
	\$	\$
At 1 October	8,075,815	14,075,815
Provision made during the year	2,178,710	-
Receivables written off during the year	(103,523)	-
Recovery of impaired receivables	<u>(1,500,000)</u>	<u>(6,000,000)</u>
At 30 September	<u>8,651,002</u>	<u>8,075,815</u>

The creation and release of provision for impaired receivables have been included in expenses in the profit and loss account. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Liquidity risk

Liquidity risk is the risk that one party to a financial instrument will have difficulty raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The company's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.
- (ii) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit;
- (iv) Optimising cash returns on investments;

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the company and its exposure to changes in interest rates and exchange rates.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (Continued)

Undiscounted cash flows of financial liabilities

The maturity profile of the company's financial liabilities at year end based on contractual undiscounted payments was as follows:

	Within 1 Month \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Total \$
2009						
Payables	13,130,334	-	-	-	-	13,130,334
Directors' current account	63,325,145	-	-	-	-	63,325,145
Borrowings	50,204	-	-	-	-	50,204
	76,505,683	-	-	-	-	76,505,683
2008						
	Within 1 Month \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Total \$
Payables	13,291,947	-	-	-	-	13,291,947
Directors' current account	67,787,123	-	-	-	-	67,787,123
Borrowings	483,122	-	-	-	-	483,122
	81,562,192	-	-	-	-	81,562,192

(c) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The exposure to currency risk arises because certain of the company's financial instruments are denominated in other currencies.

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

Concentrations of currency risk

The table below summarises the company's exposure to foreign currency exchange rate risk at 30 September.

	Jamaican\$ J\$	US\$ J\$	Total J\$
At 30 September 2009:			
Financial Assets			
Trade receivables	20,894,203	2,622,385	23,516,588
Cash and bank	1,086,957	24,082,633	25,169,590
Total financial assets	21,981,160	26,705,018	48,686,178
Financial Liabilities			
Borrowings	50,204	-	50,204
Directors' current account	63,325,145	-	63,325,145
Trade payables	48,738	-	48,738
Other	13,081,596	-	13,081,596
Total financial liabilities	76,505,683	-	76,505,683
Net financial position	(54,524,523)	26,705,018	(27,819,505)
At 30 September 2008:			
Financial Assets			
Trade receivables	24,759,906	-	24,759,906
Cash and bank	674,974	7,013,462	7,688,436
Total financial assets	25,434,880	7,013,462	32,448,342
Financial Liabilities			
Borrowings	483,122	-	483,122
Directors' current account	67,787,123	-	67,787,123
Trade payables	19,679	-	19,679
Other	13,272,268	-	13,272,268
Total financial liabilities	81,562,192	-	81,562,192
Net financial position	(56,127,312)	7,013,462	(49,113,850)

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

Foreign currency sensitivity

The following tables indicate the currency to which the company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% (2007- 4%) change in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, cash and bank, trade payables, related party balances and borrowings. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in each variable, variables had to be on an individual basis. It should be noted that movements in these variables are non-linear.

	% Change in Currency Rate 2009	Effect on Net Profit 2009 \$	Effect on Equity 2009 \$	% Change in Currency Rate 2008	Effect on Net Profit 2008 \$	Effect on Equity 2008 \$
Currency:						
USD	5	1,390,975	-	4	1,430,964	-

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The following tables summarise the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Over 5 Years	Non-Interest Bearing	Total
	\$	\$	\$	\$	\$	\$	\$
	2009						
Assets							
Subsidiary company	-	-	-	-	-	14,905,667	14,905,667
Related companies	-	-	-	-	-	12,364,372	12,364,372
Trade and other receivables	-	-	-	-	-	18,654,569	18,654,569
Cash	25,139,590	-	-	-	-	30,000	25,169,590
Total financial assets	25,139,590	-	-	-	-	45,954,608	71,094,198
Liabilities							
Directors' current account	-	-	-	-	-	63,325,145	63,325,145
Borrowings	50,204	-	-	-	-	-	50,204
Payables	-	-	-	-	-	13,130,334	13,130,334
Total financial liabilities	50,204	-	-	-	-	76,455,479	76,505,683
Total interest repricing gap	25,089,386	-	-	-	-	(30,500,871)	(5,411,485)

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

	Within 1 Month \$	1 to 3 Months \$	3 to 12 Months \$	1 to 5 Years \$	Over 5 Years \$	Non-Interest Bearing \$	Total \$
	2008						
Assets							
Subsidiary company	-	-	-	-	-	14,905,667	14,905,667
Related companies	-	-	-	-	-	33,333,708	33,333,708
Trade and other receivables	-	-	-	-	-	21,323,314	21,323,314
Cash	7,658,436	-	-	-	-	30,000	7,688,436
Total financial assets	7,658,436	-	-	-	-	69,592,689	77,251,125
Liabilities							
Borrowings	483,122	-	-	-	-	-	483,122
Directors' current account	-	-	-	-	-	67,787,123	67,787,123
Payables	-	-	-	-	-	13,291,947	13,291,947
Total financial liabilities	483,122	-	-	-	-	81,079,070	81,562,192
Total interest repricing gap	7,175,314	-	-	-	-	(11,486,381)	(4,311,067)

(d) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes to the company's approach to capital management during the year, and this is monitored by the Board of Directors.

The company is not subject to externally imposed capital requirements.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

4. Fair Value Estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

In assessing the fair values of financial instruments, the company uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date.

The following methods and assumptions have been used:

- (i) The carrying amount, less any estimated credit adjustments, for financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash, receivables, payables and current borrowings.
- (ii) The fair value of the investment in associates is assumed to approximate the carrying values based on the underlying assets of the investees.
- (iii) The fair value of the related companies' balances cannot be reasonably determined as these instruments were granted under special terms and are not likely to be traded in a fair market exchange.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Estimates and judgements used in preparing the financial statements of the company are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amount of assets and liabilities are discussed below.

Impairment of assets

The company reviews tangible and intangible assets with definite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or cash generating unit is determined based on value in use calculations prepared on the basis of management's assumptions and estimates. Should these assumptions and estimates change, or not be met, the value-in-use calculations will be affected.

Income taxes

Significant judgement is required in the calculation of the company's provisions for income tax and deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of deferred tax assets which relate to tax losses, depends on management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

6. Other Income

	2009	2008
	\$	\$
Interest	5,083,691	6,419,237
Equipment lease	147,468	495,989
Disposal of property, plant and equipment	35,333	-
Foreign exchange gains	1,157,525	145,878
Facility fees	-	3,154,246
Bad debt recovery	1,489,440	1,457,559
Miscellaneous	-	36,545
	<u>7,913,457</u>	<u>11,709,454</u>

7. Expenses by Nature

Total direct, administration and other operating expenses:

	2009	2008
	\$	\$
Depreciation	489,022	404,206
Auditors' remuneration		
- Current year	1,200,000	1,011,833
- Prior year	232,119	-
Utilities	231,267	259,427
Repairs and maintenance	380,036	722,947
Staff costs (Note 8)	70,861,985	59,919,562
Advertising and promotion	508,088	949,784
Other expenses	<u>102,122,297</u>	<u>114,545,460</u>
	<u>176,024,814</u>	<u>177,813,219</u>

8. Staff Costs

	2009	2008
	\$	\$
Salaries and wages	51,120,630	44,130,218
Statutory contributions	5,697,182	4,876,965
Others	<u>14,044,173</u>	<u>10,912,379</u>
	<u>70,861,985</u>	<u>59,919,562</u>

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

9. Finance Costs

	2009	2008
	\$	\$
Interest expense	<u>3,261,899</u>	<u>1,629,892</u>

10. Taxation

Taxation is based on the profit for the year adjusted for tax purposes and represents income tax charged at 33¹/₃%:

	2009	2008
	\$	\$
Current tax	753,873	943,362
Deferred tax (Note 13)	<u>117,762</u>	<u>442,430</u>
	<u>871,635</u>	<u>1,385,792</u>

Reconciliation of applicable tax charge to effective tax charge:

	2009	2008
	\$	\$
Profit before tax	<u>2,323,596</u>	<u>2,845,348</u>
Tax calculated at 33 ¹ / ₃ %	774,532	948,449
Adjusted for the effects of:		
Income not subject to tax	(410,240)	(163,664)
Expenses not deductible for tax purposes	643,952	585,517
Net effect of other charges and allowances	<u>(136,609)</u>	<u>15,490</u>
Taxation	<u>871,635</u>	<u>1,385,792</u>

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

11. Property, Plant and Equipment

	2009					
	Buildings	Furniture, Equipment, Trailers & Forklifts	Golf Carts	Motor Vehicle	Operating Assets	Total
	\$	\$	\$	\$	\$	\$
Cost -						
1 October 2008	2,318,815	5,304,099	535,813	280,000	1,197,707	9,636,434
Additions	-	591,631	-	345,000	1,633,430	2,570,061
Disposal	-	-	-	(280,000)	-	(280,000)
30 September 2009	2,318,815	5,895,730	535,813	345,000	2,831,137	11,926,495
Depreciation -						
1 October 2008	183,572	1,509,403	366,138	196,000	-	2,255,113
Charge for the year	57,970	257,058	107,163	66,831	-	489,022
Disposal	-	-	-	(205,333)	-	(205,333)
30 September 2009	241,542	1,766,461	473,301	57,498	-	2,538,802
Net book value -						
30 September 2009	2,077,273	4,129,269	62,512	287,502	2,831,137	9,387,693

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

11. Property, Plant and Equipment (Continued)

	2008					Total
	Buildings	Furniture, Equipment, Trailers & Forklifts	Golf Carts	Motor Vehicle	Operating Assets	
	\$	\$	\$	\$	\$	\$
Cost -						
1 October 2007	2,318,815	1,899,177	535,813	280,000	-	5,033,805
Additions	-	3,404,922	-	-	1,197,707	4,602,629
30 September 2008	2,318,815	5,304,099	535,813	280,000	1,197,707	9,636,434
Depreciation -						
1 October 2007	125,602	1,326,329	258,976	140,000	-	1,850,907
Charge for the year	57,970	183,074	107,162	56,000	-	404,206
30 September 2008	183,572	1,509,403	366,138	196,000	-	2,255,113
Net book value -						
30 September 2008	2,135,243	3,794,696	169,675	84,000	1,197,707	7,381,321

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

12. Related Party Transactions and Balances

(a) Net advances received/(paid) during the year

	2009	2008
	\$	\$
AMD Limited	29,019,007	21,427,543
Advisors Limited	(725)	(830,000)
Good Hope (Holdings) Limited	32,630,164	23,702,543
Good Hope Limited	435,000	(1,470,000)
Hart Investment Limited	(7,685,000)	(13,135,000)
Bilton Limited	(444,700)	(13,993,000)
Appleton Hall Limited	11,554,595	12,640,636
Saffack Limited	(13,800,000)	-
Port Handlers Limited	(49,993,807)	(24,980,000)
Samuel Hart & Son Limited	5,996,501	10,940,000
Sportswear Producers Limited	115,000	1,620,875
	<u>7,826,035</u>	<u>15,923,597</u>

(b) Interest paid during the year

	2009	2008
	\$	\$
Saffack Limited	-	1,800,000

(c) Key management compensation

	2009	2008
	\$	\$
Directors' emoluments -		
Fees	7,500,000	-
Management remuneration	64,500,000	103,200,000
	<u>72,000,000</u>	<u>103,200,000</u>

Cargo Handlers Limited

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Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

12. Related Party Transactions and Balances (Continued)

(d) Year end balances arising from other transactions with related parties

(i) Subsidiary company

	2009	2008
	\$	\$
Bilton Limited -		
Unquoted shares	14,905,667	14,905,667

The company owns 56% of the share capital of Bilton Limited. The financial statements of the subsidiary at 30 September 2009 have not been consolidated with these financial statements in contravention of IAS 27 – Consolidated and Separate Financial Statements.

(ii) Related companies

	2009	2008
	\$	\$
Advisors Limited	(5,585,000)	(610,000)
AMD Limited	24,830,000	28,845,000
Appleton Hall Limited	14,469,000	11,454,000
Saffack Limited	-	(13,800,000)
Samuel Hart & Son Limited	10,800,000	5,895,000
Port Handlers Limited	(16,770,000)	(16,945,000)
Bilton Limited	(10,884,000)	(7,329,000)
Sportswear Producers Limited	(500,000)	115,000
Good Hope Limited	(510,000)	(435,000)
Good Hope (Holdings) Limited	1,430,664	29,815,000
Hart Investments Limited	(9,130,000)	(7,885,000)
Caribbean Producers of Jamaica Limited	4,213,708	4,213,708
	12,364,372	33,333,708

The company is related to the above companies by having similar ownership and/or management control. The company sells goods to, and is provided with management services by certain related companies.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

12. Related Party Transactions and Balances (Continued)

(d) Year end balances arising from other transactions with related parties (Continued)

(iii) Directors' current account

The directors' balances are unsecured, interest free and have no set repayment terms.

The weighted average effective interest rates on the related company balances are:

	2009	2008
	%	%
Balances due to related parties	15	15
Balances due from related parties	<u>9</u>	<u>9</u>

13. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of 33 $\frac{1}{3}$ %.

The make up on the deferred taxation account is as follows:

	2009	2008
	\$	\$
Deferred tax asset	358,875	85,492
Deferred tax liability	<u>(567,683)</u>	<u>(176,538)</u>
Net liability	<u>(208,808)</u>	<u>(91,046)</u>

The movement on the deferred taxation account is as follows:

	2009	2008
	\$	\$
At beginning of year	(91,046)	351,384
Charged to profit and loss account (Note10)	<u>(117,762)</u>	<u>(442,430)</u>
At end of year	<u>(208,808)</u>	<u>(91,046)</u>

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

13. Deferred Taxation (Continued)

Deferred income tax asset and liabilities are due to the following items:

	2009	2008
	\$	\$
Deferred tax asset:		
Accruals	358,875	85,492
Deferred tax liability:		
Property, plant and equipment	(567,683)	(176,538)
Net liability	<u>(208,808)</u>	<u>(91,046)</u>

The deferred tax (credited)/charged in the profit and loss account comprises the following temporary differences:

	2009	2008
	\$	\$
Accruals	(273,383)	314,549
Property, plant and equipment	391,145	127,881
	<u>117,762</u>	<u>442,430</u>

The amounts shown in the balance sheet include the following:

	2009	2008
	\$	\$
Deferred tax assets to be recovered within 12 months	<u>358,875</u>	<u>85,492</u>
Deferred tax liability to be settled after more than 12 months	<u>567,683</u>	<u>176,538</u>

14. Receivables

	2009	2008
	\$	\$
Trade	23,610,798	24,827,379
Less: Impairment provision	<u>(8,651,002)</u>	<u>(8,075,815)</u>
	14,959,796	16,751,564
Other receivables and prepayments	<u>3,883,193</u>	<u>4,639,223</u>
	<u>18,842,989</u>	<u>21,390,787</u>

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

15. Cash and Cash Equivalents

	2009	2008
	\$	\$
Cash at bank and in hand	<u>25,169,590</u>	<u>7,688,436</u>

The weighted average effective interest rate for cash is 2.73% (2008 - 2%).

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	2009	2008
	\$	\$
Cash and bank balances	25,169,590	7,688,436
Bank overdraft (Note 17)	<u>(50,204)</u>	<u>(483,122)</u>
	<u>25,119,386</u>	<u>7,205,314</u>

16. Payables

	2009	2008
	\$	\$
Trade	48,738	19,679
Accruals	12,721,978	11,348,079
Other	<u>948,679</u>	<u>2,843,013</u>
	<u>13,719,395</u>	<u>14,210,771</u>

17. Borrowings

	2009	2008
	\$	\$
Bank overdraft (Note 15)	<u>50,204</u>	<u>483,122</u>

The bank overdraft is secured on certain fixed assets of a related party and on the unlimited guarantee of another related party. The effective rate of interest on bank overdraft in 2008 was 39.13%. The bank overdraft at 30 September 2009 represent cheques which were drawn and not presented to the bank at year end.

The company has credit facilities of \$15,000,000 with The Bank of Nova Scotia Jamaica Limited. The facility is secured by unlimited guarantees of Bilton Limited, AMD Limited, Samuel Hart and Son Limited and Saffack Limited.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2009

(expressed in Jamaican dollars unless otherwise indicated)

18. Share Capital

	2009	2008
	\$	\$
Authorised, issued and fully paid -		
100 shares	<u>100</u>	<u>100</u>

The company's share capital is reflected without a par value.

19. Capital Reserve

	2009	2008
	\$	\$
Realised gains on sale of property, plant and equipment	<u>172,311</u>	<u>172,311</u>

Section 12

Unaudited Accounts

Cargo Handlers Limited
Balance Sheet
30 June 2010

	\$
Non-Current Assets	
Property, plant and equipment	12,032,465
Subsidiary company	14,905,667
Current Assets	
Receivables	32,041,039
Taxation recoverable	114,870
Cash	32,260,385
	64,416,294
Current Liabilities	
Payables	11,896,364
Directors' current account	48,889,758
Taxation	550,000
Bank overdraft	409,303
	61,745,425
Net Current Assets	2,670,869
	29,609,001
Shareholders' Equity	
Share Capital	100
Capital Reserve	172,311
Retained Earnings	3,677,782
	3,850,193
Non-Current Liabilities	
Related companies	25,550,000
Deferred tax liability	208,808
	29,609,001

Cargo Handlers Limited

Profit and Loss Account

Nine Months ended 30 June

	2010
	\$
Revenue	134,682,706
Other income	2,725,432
Administrative expenses	(10,715,669)
Other operating expenses	(121,970,692)
Operating Profit	4,721,777
Finance costs	(3,071,928)
Profit before Taxation	1,649,849
Taxation	(550,000)
Net Profit	1,099,849

Macro Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behaviour of capital markets including the Junior Market of the JSE. Such changes in policies may create opportunities as well as challenges for the Company. This is a risk that is not faced by the Company alone but also, by any trading business although the risk could have particular impact on the Company's business model.

Operational Risk

The Company is subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including disruptions to scheduled cargo services and the Company's operations due to hurricane, windstorm, or other acts of God). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity. The Company is prudent and therefore, it insures itself against some (but not all) of these risks: for instance, the Company is insured in respect of damage to its business by fire, flood or other physical damage. It is not possible for the Company to insure itself in respect of all of the risks mentioned, because it may not be possible or economic to do so.

New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is not faced by the Company alone but also, by any trading business.

Admission of the Shares to the Junior Market of the JSE

After the Closing Date, and assuming that the Company is able to raise at least \$50 million as a result of the Invitation by the Closing Date, the Company will make application to the JSE to admit the Shares to the Junior Market. However, the Company is not able to guarantee the success of the Invitation or the admission of the Shares to the Junior Market.

Volatility in Price of Shares

Following their proposed admission to trading on the Junior Market the Shares may experience volatility in their market price which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control.

Remission of Taxation Risk

If the Invitation by the Company is successful in raising at least \$50 million by the Closing Date, and the Company is admitted to the Junior Market, it must remain listed on the combined JSE platforms for a period of 15 years in order to be eligible for the concessionary tax regime described in Section 15.

The instrument governing the concessionary tax regime is the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remittance) Notice dated 13 August 2009, which was made by the Minister of Finance under section 86 of the Income Tax Act. The instrument provides that if the Company is de-listed at any time during the 15 year period, it will become retrospectively liable to pay corporate income tax at the rate that would otherwise have

been applicable to it during the concessionary period.

Key Personnel

It is important that the Company attract and retain appropriately skilled stevedores and managers, in order to accommodate its growth. It is also important for the Company to replace stevedores and managers whose employment may be terminated for any reason within a reasonable time. In Jamaica, competition for suitable personnel can be intense irrespective of the industry in question, as there are a limited number of people with the requisite skills, knowledge and experience. The Company will need to attract and retain honest and skilled personnel and failure to do so could have a material adverse impact on the Company's future prospects.

Industrial Action

The Company's stevedores are unionised and represented by the Bustamante Industrial Trade Union. There is a possibility that the Company's stevedores could, in the event of a disagreement with the Company, take industrial action (including but not limited to striking) that results in the interruption of its ongoing business and also has a negative impact on its financial results. The Directors note, however, there has never been a strike or similar industrial action at Montego Freeport, and not even when port workers in Kingston were striking. The Directors believe that this is the case as the Company has maintained excellent industrial relations with its workers and has recognized their contribution over the decades, and it intends to continue to mitigate any risk of industrial action by maintaining excellent industrial relations with its stevedores and also, by establishing the Cargo Handlers' Trust for their benefit.

Competition Risk

The Company presently has no competitors for the purposes of its provision of stevedoring services at the Montego Freeport. Since the Company was established, it has operated the sole stevedoring service at the Montego Freeport. The Company contracts directly with ships entering the port that require cargo loading and unloading services. If competitors entered the port for the purposes of the provision of similar services the Company would have to identify new revenue streams and its sales, profits and market share could suffer in the interim. The Directors believe, however, that the risk of competition is mitigated in part by the fact that the Company enjoys a longstanding relationship with the shipping lines entering the Montego Port who contract directly with it in respect of its services.

Principal Stockbrokers and Financial Advisers

Mayberry Investments Limited
1½ Oxford Road
Kingston 5

Auditors and Reporting Accountants

PricewaterhouseCoopers
Advantage General Building
32 Market Street
Montego Bay

Legal Advisers to the Company

Patterson Mair Hamilton
7th Floor, Citigroup Building
63-67 Knutsford Boulevard
Kingston 5

Registrars and Transfer Agents

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

Section 15

Statutory and General Information

15.1 Statutory Information required to be set out in the Prospectus by section 42 and the Third Schedule to the Companies Act

1. The Company has no founders or management or deferred shares.
2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.
3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:
 - (a) The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or any committee of the Directors or general meetings of the Company in connection with the business of the Company. (Article 77)
 - (b) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 79)
 - (c) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (Article 89(3))
 - (d) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorize a director or his firm to act as auditor to the company. (Article 89(5))
 - (e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or of his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 94)
 - (f) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the directors may determine. (Article 111)
4. The names and addresses of the Directors of the Company appear in Section 8 of this Prospectus.
5. The minimum amount required to be raised out of the proceeds of the Invitation to provide for

- matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the “minimum subscription”) is \$50 million. The Company also intends pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed \$10 million (inclusive of financial advisory fees, lead brokerage fees, legal fees, accountancy fees, registrar’s fees, initial listing fees, and GCT).
6. The Invitation will open for subscription at 9:00 a.m. on the Invitation Date, Friday 3rd December 2010 and will close at 4:30 pm on same day, being the Invitation Date, subject to the Company’s right to close the application list at any time after 9:00 a.m. on the Invitation Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the closing of the Invitation and the Invitation Date for any reason whatsoever including in the event of a hurricane, earthquake, or other act of God.
 7. All Applicants save for Priority Share Applicants will be required to pay in full the Invitation Price of \$12.50 per Share. Employee Priority Share Applicants will be required to pay in full the price \$10.00 per Share and the Cargo handlers Trust Priority Share Applicants will be required to pay in full the price of \$1.00 per Share. No further sum will be payable on allotment.
 8. No previous offer of shares in the Company has been made to the public.
 9. Save as set out in paragraph 17 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.
 10. As at Friday 5th November 2010, the Company held no investments.
 11. There is no amount for goodwill, patent, or trade marks shown in the financial statements of the Company and there is no contract for sale and purchase which would involve any goodwill, patent or trade marks.
 12. As at Friday 5th November 2010 the aggregate amount of indebtedness of the Company was \$21.4 million consisting of an overdraft facility of \$2 million and directors’ loans of \$19.5 million.
 13. No amount is currently recommended for distribution by way of dividend. The Company’s dividend history, and its dividend policy following admission to the Junior Market of the Jamaica Stock Exchange, is described in Section 7.9.
 14. No property has been or is currently proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of this Invitation, and accordingly, paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act do not apply. Any property that is proposed to be purchased out of the proceeds of the Invitation as described more fully in Section 6 of this Prospectus shall only be purchased if the Invitation is successful and the minimum amount referred to in paragraph 5 of this Section 15 is raised. No contracts or contingent contracts have been entered into for that purpose.
 15. Save as set out in paragraph 17. within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.
 16. The Company also intends pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed \$10 million (inclusive of financial advisory fees. lead brokerage fees, legal fees, accountancy fees, registrar’s fees, initial listing fees, and GCT). See paragraph 17 below for further details.
 17. Within the last two years preceding the date of this Prospectus, no amount or benefit has been paid

or given or is intended to be paid or given to any promoter save for:-

Mayberry Investments Limited (“Mayberry”) for financial advisory and brokerage services associated with the Invitation and listing on the Junior Market of the JSE under an agreement dated 10th March 2010. The agreement provides for Mayberry to act as lead broker and financial adviser to the Invitation, for which Mayberry will receive financial advisory fees of \$5 million (inclusive of transaction management services, Company valuation, lead brokerage, and the development of a marketing strategy for the purposes of the Invitation).

18. The issue is not underwritten.
19. The material contracts of the Company are set out in Section 7.7.
20. The name and address of the auditors to the Company is: PricewaterhouseCoopers Chartered Accountants of the Advantage General Building, 32 Market Street, Montego Bay, Saint James.
21. PricewaterhouseCoopers Chartered Accountants have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditors’ Report and Historical Financial Data, and their name in the form and context in which it is included.
22. The Company has carried on business since 30th July 1981. The Company has no subsidiaries.

15.2 Taxation of Junior Market Companies: Concessionary Regime

Companies that successfully apply for admission to the Junior Market of the JSE will benefit from a concessionary tax regime, details of which are set out below.

- On 13th August 2009 the Minister of Finance issued the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice 2009 under section 86 of the Income Tax Act. The Remission Notice provides that Jamaican Junior Market companies are not liable to pay corporate income tax in the first 5 years after listing (e.g. they will benefit from a full income tax exemption). The Remission Notice also provides that in years 6 to 10 of listing, Jamaican Junior Market companies are liable to pay corporate income tax at half of the normal rate (e.g. they will benefit from a 50% income tax exemption). The tax concessions require Jamaican Junior Market companies to maintain their listing on the JSE (on either or both of the Main or Junior Markets) for a period of 15 years. If such a Company is de-listed at any time during the 15 year period, it will become retrospectively liable to pay corporate income tax at the rate that would otherwise have been applicable to it during the concessionary period.
- Section 17(1)(d) of the Transfer Tax Act provides that transfers of shares made in the ordinary course of business on the Jamaica Stock Exchange will not attract transfer tax.
- Section 12(v) of the Income Tax Act provides that profits or gains from transactions in shares carried out on the Jamaica Stock Exchange that accrue to an individual that does not hold himself out as a dealer are exempt from income tax, where such profits or gains do not exceed one half of that person’s statutory income from all other sources for the year of assessment, or (where the person so elects) those profits or gains which, taken with profits or gains (or losses) on such transactions by him/her in the 2 immediately preceding years of assessment, do not exceed one half of that persons statutory income from all other sources for the year of assessment and those 2 preceding years.
- Section 34(1) paragraph 6 provides that distributions made to holders of shares out of the assets of a company that is quoted on a recognized stock exchange, including the JSE, are exempt from income tax.

Prospective investors should seek advice on the taxation of Junior Market companies and their prospective investment in the Company a professional adviser, and should not rely on the summary set out above.

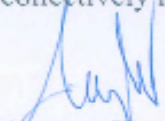
Section 16

Documents available for Inspection

Copies of the following documents may be inspected at the law offices of Patterson Mair Hamilton 7th Floor Citigroup Building 63 – 67 Knutsford Boulevard, Kingston 5 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Invitation Date (or the extended Invitation Date as the case may be):

1. The Articles of Incorporation of the Company adopted on 14th October 2010.
2. The audited financial statements of the Company for the financial years ended 30 September 2004 to 2009 (inclusive).
3. The material contracts referred to in Section 7.7.

The Directors of the Company, whose names appear below, are individually and collectively responsible for the contents of this prospectus.



Antony Hart, C.D.



Mark Hart



Jane Fray



Andrew McCarthy



Theresa Chin

Appendix 1

Application Form (CHL)

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: CARGO HANDLERS LIMITED ("CARGO HANDLERS" or the "Company")

Re: Invitation for Subscription in respect of up to 8,318,340 Ordinary shares made pursuant to the Prospectus dated and registered the 25th day of November, 2010. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference.

I/We hereby apply for ordinary shares in Cargo Handlers on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of J\$ each, and I/we attach my/our cheque for inclusive of processing fees of J\$100.00 payable to Mayberry Investments Limited, or I/we request Mayberry Investments Limited to make payment on my behalf from cleared funds held by them in my name in account numbered I/We hereby instruct Mayberry Investments Limited to debit my/our account with the sum of J\$ for the purposes of my/our subscription of ordinary shares and processing fee as indicated above.

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of Cargo Handlers, by which I/We agree to be bound. I/We request you to sell and transfer to me/us the number of shares which may be allocated to me/us at the close of the said Invitation the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD).

INSTRUCTIONS TO COMPLETING APPLICATION FORM: All fields are relevant and must be completed. If you already have an account with the JCSD, please indicate here, otherwise a new account will automatically be created.

JCSD ACCOUNT NUMBER

BROKER CODE

PRIMARY HOLDER DETAILS

PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)

TITLE

TAXPAYER REGISTRATION NUMBER

CITIZENSHIP

NATIONALITY

CLIENT TYPE

ACCOUNT TYPE

OCCUPATION OR, IF EMPLOYED BY THE COMPANY PLEASE STATE YOUR POSITION, OR STATUS IF YOU ARE A PRIORITY SHARE APPLICANT

MAILING ADDRESS LINE 1

MAILING ADDRESS LINE 2

MAILING ADDRESS LINE 3

CITY (E.G. KINGSTON)

POSTAL CODE (E.G. 6)

COUNTRY CODE

TELEPHONE NUMBER (HOME)

TELEPHONE NUMBER (WORK)

TELEPHONE NUMBER (CELL)

SIGNATURES:

INDIVIDUAL: _____

DATE SIGNATURE AFFIXED: _____

COMPANIES (COMPANY SEAL OR STAMP REQUIRED):

DIRECTOR: _____

DIRECTOR/SECRETARY: _____

DATE SIGNATURES AFFIXED: _____

PLEASE CONTINUE ON REVERSE TO COMPLETE JOINT HOLDER INFORMATION
ALL APPLICANTS MUST INDICATE THEIR TAXPAYER REGISTRATION NUMBERS
 ALL APPLICANTS ARE REQUIRED TO PAY J\$100.00 PROCESSING FEE PER APPLICATION SUBMITTED
 THIS OFFER IS NOT MADE TO PERSONS RESIDENT OUTSIDE JAMAICA

USE BY REGISTRAR ONLY
 Form ID:
 Batch #

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SIGNATURE

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SIGNATURE

[illegible][illegible][illegible]

SIGNATURE

3. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder **must** sign the Application Form at the place indicated.
4. All Applicants must be at least 18 years old and must attach a certified copy of their T.R.N. card or Jamaican Driver's Licence displaying the T.R.N.
5. Share Certificates will not be issued unless specifically requested through your broker. Instead, the shares allotted to a successful applicant will be credited to his account at the Jamaica Central Securities Depository ("JCSD"). If the applicant does not have a JCSD account, one will be created and the allotted shares deposited to that account. Applicants may refer to the notice posted on the JSE website (www.jamstockex.com) for instructions on confirming Share Allotments
6. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.

BROKER STAMP AND SIGNATURE: