Cargo Handlers Limited

Financial Statements
30 September 2010

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
UGI Building
32 Market Street
Box 180
Montego Bay Jamaica
Telephone (876) 952 5065
Facsimile (876) 952 1273

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 27, which comprise the statement of financial position as of 30 September 2010 and the statement of comprehensive income, 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.

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Basis for Adverse Opinion

As explained in Note 12(d) the Company did not consolidate the financial statements of its subsidiary Bilton Limited. This investment was 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. This investment was disposed of in August 2010.

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 2010, 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.

PricewaterhouseCoopers
Chartered Accountants

24 December 2010
Montego Bay, Jamaica

Cargo Handlers Limited

Statement of Comprehensive Income

Year ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010	2009
		$	$
Revenue		165,208,268	173,696,852
Other income	6	6,677,792	7,913,457
Administrative expenses		(6,753,938)	(6,590,480)
Other operating expenses		(158,982,001)	(169,434,334)
Operating Profit		6,150,121	5,585,495
Finance costs	9	(4,216,932)	(3,261,899)
Profit before Taxation		1,933,189	2,323,596
Taxation	10	(606,905)	(871,635)
Net Profit, being Total Comprehensive Income for the Year		1,326,284	1,451,961

Cargo Handlers Limited
Statement of Financial Position
30 September 2010
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010	2009
		$	$
Non-Current Assets			
Property, plant and equipment	11	11,878,722	9,387,693
Subsidiary company	12	-	14,905,667
Related companies	12	6,941,090	12,364,372
Deferred tax asset	13	57,087	-
Current Assets			
Receivables	14	23,785,885	18,842,989
Taxation recoverable		123,051	137,458
Cash	15	7,036,691	25,169,590
		30,945,627	44,150,037
Current Liabilities			
Payables	16	16,953,764	13,719,395
Directors' current accounts	12	27,854,334	63,325,145
Taxation		937,800	753,873
Borrowings	17	-	50,204
		45,745,898	77,848,617
Net Current Liabilities		(14,800,271)	(33,698,580)
		4,076,628	2,959,152
Shareholders' Equity			
Share capital	18	100	100
Capital reserve	19	172,311	172,311
Retained earnings		3,904,217	2,577,933
		4,076,628	2,750,344
Non-Current Liability			
Deferred tax liability	13	-	208,808
		4,076,628	2,959,152

Approved by the Board of Directors on 24 December 2010 and signed on its behalf by:

Jane Fray Director

Mark Hart Director

Cargo Handlers Limited

Statement of Changes in Equity

Year ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Share Capital	Capital Reserve	Retained Earnings	Total
	$	$	$	$
Balance at 30 September 2008	100	172,311	1,125,972	1,298,383
Net profit, being total comprehensive income for the year	-	-	1,451,961	1,451,961
Balance at 30 September 2009	100	172,311	2,577,933	2,750,344
Net profit, being total comprehensive income for the year	-	-	1,326,284	1,326,284
Balance at 30 September 2010	100	172,311	3,904,217	4,076,628

Cargo Handlers Limited

Statement of Cash Flows

Year ended 30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010	2009
	$	$
Cash Flows from Operating Activities		
Net profit	1,326,284	1,451,961
Items not affecting cash:		
Unrealised exchange (gain)/loss	(480,377)	3,011,896
Depreciation	712,813	489,022
Loss/(gain) on disposal of property, plant and equipment	47,250	(35,333)
Gain on disposal of investment in subsidiary company	(1,094,333)	-
Interest income	(3,108,454)	(5,083,691)
Interest expense	4,216,932	3,261,899
Tax charge	606,905	871,635
Provision for bad debts	2,315,073	575,187
Changes in operating assets and liabilities:		
Receivables	(7,300,041)	2,213,767
Payables	3,234,369	(491,376)
Directors' current accounts	(35,470,811)	(4,461,978)
Cash (used in)/provided by operating activities	(34,994,390)	1,802,989
Income tax paid	(675,094)	(966,932)
Net cash (used in)/provided by operating activities	(35,669,484)	836,057
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(3,450,464)	(2,570,061)
Proceeds from sale of property, plant and equipment	200,000	110,000
Interest received	4,202,787	5,083,691
Cash provided by investing activities	952,523	2,623,630
Cash Flows from Financing Activities		
Related companies	20,328,949	20,969,336
Interest paid	(4,216,932)	(3,261,899)
Cash provided by financing activities	16,112,017	17,707,437
(Decrease)/increase in net cash and cash equivalents	(18,605,144)	21,167,124
Effect of exchange rate on cash and cash equivalents	522,449	(3,253,052)
Cash and cash equivalents at beginning of year	25,119,386	7,205,314
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 15)	7,036,691	25,119,386

Cargo Hand!ers Limited

Notes to the Financial Statements
30 September 2010
(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Principal Activity

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 and comply with nternational Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 5.

(b) Changes in accounting policies and disclosures

Accounting pronouncements effective in the current year affecting presentation and disclosure
Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company's accounting policies were impacted by the adoption of the following new and amended IFRS as of 1 October 2009.

IFRS 7 (Amendment) Financial instruments – Disclosures (effective 1 January 2009).
The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on the statement of financial position and statement of comprehensive income.

IAS 1 (Revised) - Presentation of financial statements (effective 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. The Company has applied IAS 1 (Revised) from 1 October 2009, and has elected to present solely a statement of comprehensive income. As the change in accounting policy only impacts presentation aspects, there is no impact on opening retained earnings.

IAS 36 (Amendment), Impairment of assets (effective from 1 January 2009). The main 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 adoption of this amendment has no material effect on the Company's financial statements.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Changes in accounting policies and disclosures (Continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company
The following standards, interpretations and amendments to published standards are mandatory for the Company's accounting periods beginning on or after 1 October 2010, but the Company has not early adopted them.

IAS 1 (Amendment), Presentation of financial statements (effective 1 January 2010). The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (amendment) from 1 October 2010. It is not expected to have a material impact on the Company's financial statements.

IAS 24 (Revised - Related party disclosures) (effective from 1 January 2011). The revised standard simplifies the definition of a related party. It clarifies its intended meaning and eliminates inconsistencies from the definition. The revision provides a partial exemption from the disclosure requirements for government-related entities. The Company will apply the changes in IAS 24 (Revised) from 1 October 2011. It is not expected to have a material impact on the Company financial statements.

IFRS 9, Financial instruments (effective for annual periods beginning on or after 1 January 2013). IFRS 9 addresses classification and measurement of financial assets and is available for early adoption immediately. IFRS 9 replaces the multiple classification and measurement models in IAS 39 'Financial instruments: Recognition and Measurement' with a single model that has only two classification categories: amortised cost and fair value. IFRS 9 represents the first milestone in the IASB's planned replacement of IAS 39. Management is currently considering the implications of the standard, the impact on the Company and the timing of its adoption by the Company

(c) 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. The Company recognises revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow to the entity and when the specific criteria have been met for each of the Company's activities as described below:

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.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 statement of comprehensive income.

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 statement of comprehensive income 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.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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 asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) 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.

(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 statement of comprehensive income.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(g) 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.

(h) Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the statement of comprehensive income.

(i) Cash and cash equivalents

Cash is carried in the statement of financial position 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 statement of financial position.

(j) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax charges are based on the taxable profit 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 statement of financial position date.

Deferred income tax is the tax that is expected to be paid or recovered on differences 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 the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

Current and deferred income tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income, in which case deferred income tax is also dealt with in other comprehensive income.

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2010
(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

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

(l) Provisions
Provisions are recognised when the Company has a 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. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) 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 statement of financial position.

(n) Financial instruments
A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets
The Company's financial assets comprise subsidiary and related party balances, receivables and cash and cash equivalents.

Financial liabilities
The Company's financial liabilities comprise payables, borrowings, directors current accounts and related party balances.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(o) Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets.

(p) 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.

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 and cash flow interest rate risk), credit risk and liquidity risk. These activities require the analysis, evaluation, control and/or acceptance of some degree of risk or combination of risks. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company'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 Company periodically reviews its risk management policies and systems to reflect changes in market conditions which might affect its activities.

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 Company by failing to discharge their contractual obligations. Credit risk is an 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 investment 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

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each customer is analysed individually for creditworthiness prior to it offering them a credit facility. The Company has procedures in place to restrict customer credit if the customer has exceeded its credit limit. Customers that fail to meet the Company's benchmark creditworthiness may transact with the company on a cash basis.

(ii) Cash

Cash is maintained at high credit quality financial institutions.

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2010
(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:

	2010	2009
	$	$
Trade and other receivables	27,568,599	27,399,781
Cash and cash equivalents	7,006,691	25,139,590
	34,575,290	52,539,371

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:

	2010	2009
	$	$
Stevedoring	16,493,928	17,138,505
Lumber yard	6,172,293	6,472,293
Other receivables	4,902,378	3,788,983
	27,568,599	27,399,781
Less: Provision for credit losses	(6,335,929)	(8,651,002)
	21,232,670	18,748,779

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 $12,542,966 (2009 - $10,699,528) 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:

	2010	2009
	$	$
31 – 60 days	3,446,855	9,114,207
61 – 90 days	97,500	217,500
Over 90 days	8,998,611	1,367,821
	12,542,966	10,699,528

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2010
(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (Continued)

Ageing analysis of trade and other receivables that are past due but not impaired (Continued)
The ageing of impaired receivables was as follows:

	2010	2009
	$	$
Over 90 days	6,355,929	8,651,002

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:

	2010	2009
	$	$
At 1 October	8,651,002	8,075,815
Provision made during the year	28,925	2,178,710
Receivables written off during the year	-	(103,523)
Recovery of impaired receivables	(2,343,998)	(1,500,000)
At 30 September	6,335,929	8,651,002

The creation and release of provision for impaired receivables have been included in expenses in the statement of comprehensive income. 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 the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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 bank balances that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit.

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2010

(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
	$	$	$	$	$	$
			2010			
Payables	16,189,368	-	-	-	-	16,189,368
Directors' current accounts	19,454,334	-	-	-	-	19,454,334
Related party	9,058,910	-	-	-	-	9,058,910
	44,702,612	-	-	-	-	44,702,612
			2009			
Payables	13,130,334	-	-	-	-	13,130,334
Directors' current accounts	63,325,145	-	-	-	-	63,325,145
Borrowings	50,204	-	-	-	-	50,204
	76,505,683	-	-	-	-	76,505,683

(c) Market risk

The Company takes on exposure to market risk, 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 2010
(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$	US$	Total
	J$	J$	J$
At 30 September 2010:			
Financial Assets			
Trade and other receivables	27,568,599	-	27,568,599
Cash and bank	1,112,017	5,894,674	7,006,691
Related companies	16,000,000	-	16,000,000
Total financial assets	44,680,616	5,894,674	50,575,290
Financial Liabilities			
Directors' current accounts	27,854,334	-	27,854,334
Payables	16,189,368	-	16,189,368
Related companies	9,058,910	-	9,058,910
Total financial liabilities	53,102,612	-	53,102,612
Net financial position	(8,421,996)	5,894,674	(2,527,322)

	Jamaican$	US$	Total
	J$	J$	J$
At 30 September 2009:			
Financial Assets			
Trade and other receivables	24,777,396	2,622,385	27,399,781
Cash and bank	1,086,957	24,082,633	25,169,590
Related companies	14,905,667	-	14,905,667
Subsidiary company	12,364,372	-	12,364,372
Total financial assets	53,134,392	26,705,018	79,839,410
Financial Liabilities			
Borrowings	50,204	-	50,204
Directors' current accounts	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	(23,371,291)	26,705,018	(3,333,727)

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2010
(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 table indicates 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 3% (2009 - 5%) 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 and related party balances. 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 2010 $	Effect on Net Profit 2010 $	% Change in Currency Rate 2009 $	Effect on Net Profit 2009 $
Currency:				
USD	3	200,228	5	1,390,975

(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 $
				2010			
Assets							
Related companies	-	-	-	16,000,000	-	-	16,000,000
Trade and other receivables	-	-	-	-	-	27,568,599	27,568,599
Cash	7,006,691	-	-	-	-	30,000	7,036,691
Total financial assets	7,006,691	-	-	16,000,000	-	27,598,599	50,605,290
Liabilities							
Directors' current accounts	-	-	-	-	-	27,854,334	27,854,334
Related companies	-	-	-	-	-	9,058,910	9,058,910
Payables	-	-	-		-	16,189,368	16,189,368
Total financial liabilities	-	-	-	-	-	53,102,612	53,102,612
Total interest repricing gap	7,006,691	-	-	16,000,000	-	(25,504,013)	(2,497,322)

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2010
(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
	$	$	$	$	$	$	$
				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 accounts	-	-	-	-	-	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)

(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.

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 statement of financial position.

The following methods and assumptions have been used:

(i) The carrying amounts, 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 subsidiary, in the prior year, is assumed to approximate the carrying values based on the underlying assets of the investee.

(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 current 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 current 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 2010
(expressed in Jamaican dollars unless otherwise indicated)

6. Other Income

	2010	2009
	$	$
Interest	3,108,454	5,083,691
Gain on disposal of investment in subsidiary company	1,094,333	-
Equipment lease	287,768	147,468
Disposal of property, plant and equipment	-	35,333
Foreign exchange gain	263,546	1,157,525
Bad debt recovery	1,869,579	1,489,440
Miscellaneous	54,112	-
	6,677,792	7,913,457

7. Expenses by Nature

Total direct, administration and other operating expenses:

	2010	2009
	$	$
Depreciation	712,183	489,022
Auditors' remuneration		
- Current year	1,200,000	1,090,000
- Prior year	253,250	342,119
Utilities	300,877	231,267
Repairs and maintenance	1,075,882	380,036
Staff costs (Note 8)	67,735,032	70,861,985
Management fees	56,700,000	72,000,000
Advertising and promotion	1,690,000	508,088
Other	36,068,715	30,122,297
	165,735,939	176,024,814

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

8. Staff Costs

	2010	2009
	$	$
Salaries and wages	50,462,700	51,120,630
Statutory contributions	5,633,317	5,697,182
Others	11,639,015	14,044,173
	67,735,032	70,861,985

9. Finance Costs

	2010	2009
	$	$
Interest expense	4,216,932	3,261,899

10. Taxation

Taxation is based on the profit for the year adjusted for tax purposes and represents income tax charged at $33^1/_3$%:

	2010	2009
	$	$
Current tax	872,800	753,873
Deferred tax (Note 13)	(265,895)	117,762
	606,905	871,635

Reconciliation of applicable tax charge to effective tax charge:

	2010	2009
	$	$
Profit before tax	1,933,189	2,323,596
Tax calculated at $33^1/_3$%	644,396	774,532
Adjusted for the effects of:		
Income not subject to tax	(1,230,721)	(410,240)
Expenses not deductible for tax purposes	886,821	643,952
Net effect of other charges and allowances	306,409	(136,609)
Taxation	606,905	871,635

Cargo Handlers Limited
Notes to the Financial Statements
30 September 2010
(expressed in Jamaican dollars unless otherwise indicated)

11. Property, Plant and Equipment

	2010					
	Buildings	Furniture, Equipment, Trailers & Forklifts	Golf Carts	Motor Vehicle	Operating Assets	Total
	$	$	$	$	$	$
Cost -						
1 October 2009	2,318,815	5,895,730	535,813	345,000	2,831,137	11,926,495
Additions	-	868,157	-	-	2,582,307	3,450,464
Disposal	-	-	-	(345,000)	-	(345,000)
30 September 2010	2,318,815	6,763,887	535,813	-	5,413,444	15,031,959
Depreciation -						
1 October 2009	241,542	1,766,461	473,301	57,498	-	2,538,802
Charge for the year	57,971	551,451	62,511	40,250	-	712,183
Disposal	-	-	-	(97,748)	-	(97,748)
30 September 2010	299,513	2,317,912	535,812	-	-	3,153,237
Net book value -						
30 September 2010	2,019,302	4,445,975	1	-	5,413,444	11,878,722

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

11. Property, Plant and Equipment (Continued)

	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 2010
(expressed in Jamaican dollars unless otherwise indicated)

12. Related Party Transactions and Balances

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

	2010	2009
	$	$
AMD Limited	25,610,111	29,019,007
Advisors Limited	(14,795,831)	(725)
Good Hope (Holdings) Limited	2,791,322	32,630,164
Good Hope Limited	(510,000)	435,000
Hart Investment Limited	(9,130,000)	(7,685,000)
Bilton Limited	(10,884,000)	(444,700)
Appleton Hall Limited	14,537,612	11,554,595
Saffack Limited	113,626	(13,800,000)
Port Handlers Limited	(52,298,042)	(49,993,807)
Samuel Hart & Son Limited	10,936,292	5,996,501
Sportswear Producers Limited	(500,000)	115,000
	(34,128,910)	7,826,035

(b) Key management compensation

	2010	2009
	$	$
Directors' emoluments -		
Fees	-	7,500,000
Management remuneration	56,700,000	64,500,000
	56,700,000	72,000,000

Cargo Handlers Limited

Notes to the Financial Statements
30 September 2010
(expressed in Jamaican dollars unless otherwise indicated)

12. Related Party Transactions and Balances (Continued)

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

(i) Subsidiary company

	2010	2009
	$	$
Bilton Limited -		
Unquoted shares	-	14,905,667

The Company owned 56% of the share capital of Bilton Limited. The financial statements of the subsidiary were not consolidated with these financial statements in contravention of IAS 27 – Consolidated and Separate Financial Statements. During the year, the Company sold its investment in Bilton Limited to a related company, Sportswear Producers Limited, for $16,000,000.

(ii) Related companies

	2010	2009
	$	$
Advisors Limited	(4,575,831)	(5,585,000)
AMD Limited	16,890,111	24,830,000
Appleton Hall Limited	9,852,612	14,469,000
Saffack Limited	(106,374)	-
Samuel Hart & Son Limited	8,386,292	10,800,000
Port Handlers Limited	(17,578,042)	(16,770,000)
Bilton Limited	(13,164,000)	(10,884,000)
Sportswear Producers Limited	15,715,000	(500,000)
Good Hope Limited	(615,000)	(510,000)
Good Hope (Holdings) Limited	2,871,322	1,430,664
Hart Investments Limited	(10,735,000)	(9,130,000)
Caribbean Producers of Jamaica Limited	-	4,213,708
	6,941,090	12,364,372

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 2010
(expressed in Jamaican dollars unless otherwise indicated)

12. Related Party Transactions and Balances (Continued)

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

(iii) Directors' current accounts

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:

	2010	2009
	%	%
Balances due to related parties	15	15
Balances due from related parties	9	9

13. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of $33^1/_3$%.

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

	2010	2009
	$	$
Deferred tax asset	249,237	358,875
Deferred tax liability	(192,150)	(567,683)
Net asset/(liability)	57,087	(208,808)

The movement on the deferred taxation account is as follows:

	2010	2009
	$	$
At beginning of year	(208,808)	(91,046)
Charged/(credited) during the year (Note10)	265,895	(117,762)
At end of year	57,087	(208,808)

Cargo Handlers Limited

Notes to the Financial Statements

30 September 2010

(expressed in Jamaican dollars unless otherwise indicated)

13. Deferred Taxation (Continued)

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

	2010	2009
	$	$
Deferred tax asset:		
Accruals	249,237	358,875
Deferred tax liability:		
Property, plant and equipment	(192,150)	(567,683)
Net asset/(liability)	57,087	(208,808)

The deferred tax (credited)/charged in the statement of comprehensive income comprises the following temporary differences:

	2010	2009
	$	$
Accruals	109,638	(273,383)
Property, plant and equipment	(375,533)	391,145
	(265,895)	117,762

The amounts shown in the statement of financial position include the following:

	2010	2009
	$	$
Deferred tax assets to be recovered within 12 months	249,237	358,875
Deferred tax liability to be settled after more than 12 months	192,150	567,683

14. Receivables

	2010	2009
	$	$
Trade	19,832,991	23,610,798
Less: Impairment provision	(6,335,929)	(8,651,002)
	13,497,062	14,959,796
Other receivables and prepayments	10,288,823	3,883,193
	23,785,885	18,842,989

(expressed in Jamaican dollars unless otherwise indicated)

15. Cash and Cash Equivalents

	2010	2009
	$	$
Cash at bank and in hand	7,036,691	25,169,590

The weighted average effective interest rate for cash is 2.73% (2009 - 2%).

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

	2010	2009
	$	$
Cash and bank balances	7,036,691	25,169,590
Bank overdraft (Note 17)	-	(50,204)
	7,036,691	25,119,386

16. Payables

	2010	2009
	$	$
Trade	376,242	48,738
Accruals	14,790,690	12,721,978
Other	1,786,832	948,679
	16,953,764	13,719,395

17. Borrowings

	2010	2009
	$	$
Bank overdraft (Note 15)	-	50,204

The bank overdraft in 2009 is secured on certain property, plant and equipment of a related party and on the unlimited guarantee of another related party. 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.

(expressed in Jamaican dollars unless otherwise indicated)

18. Share Capital

	2010	2009
	$	$
Authorised, issued and fully paid -		
100 shares	100	100

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

19. Capital Reserve

	2010	2009
	$	$
Realised gains on sale of property, plant and equipment	172,311	172,311

20. Subsequent Events

On 22 November 2010 the Company increased its authorised share capital and on 3 December 2010 listed 8.3 million shares (approximately 20% of its shares capital) on the Junior Market of the Jamaica Stock Exchange. The Company raised equity of approximately $53.5 million in this Initial Public Offering in which all the shares offered were fully subscribed.