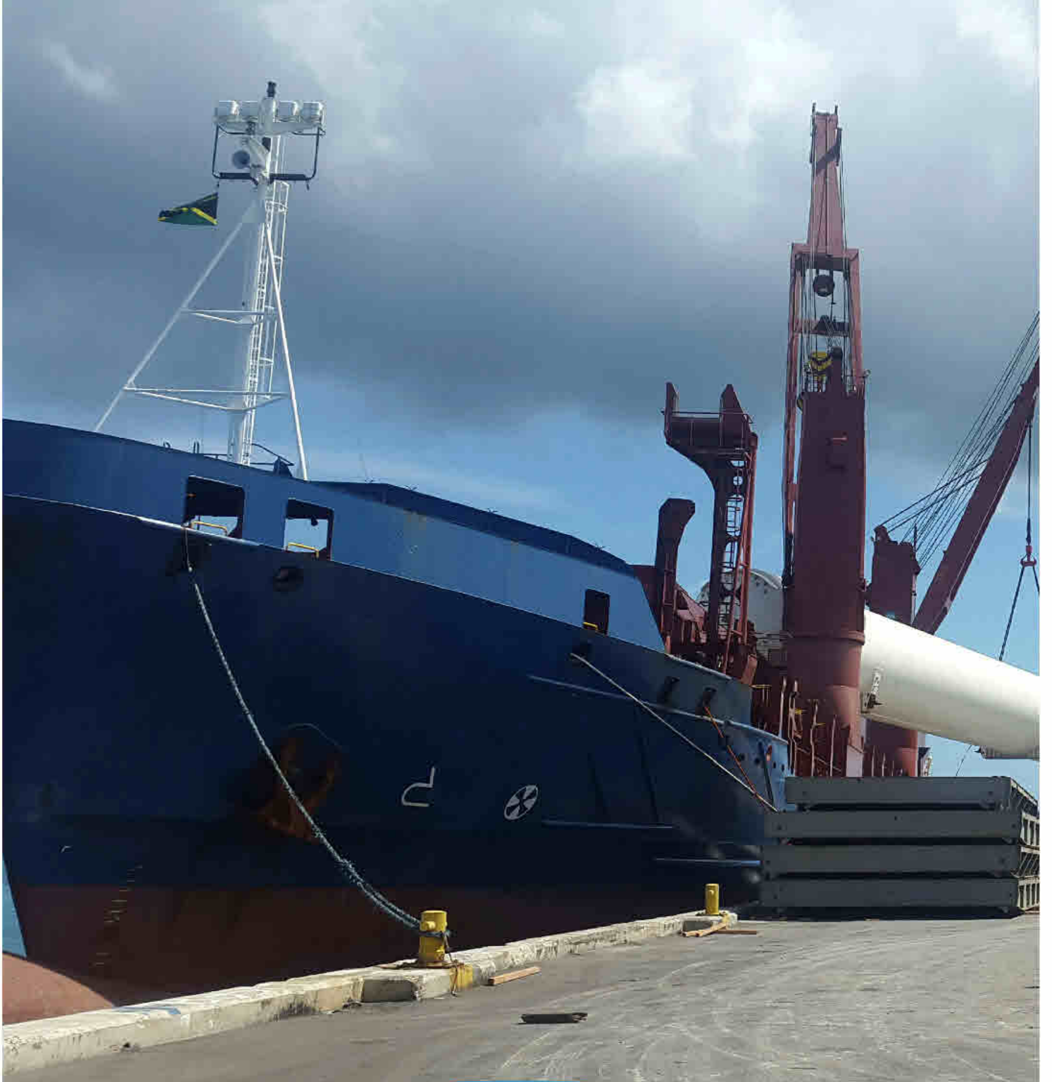

CARGO Handlers Ltd.

Annual Report 2016

Contents

CARGO HANDLERS LIMITED

ESTABLISHED 1981

REGISTERED OFFICE

14 Montego Freeport Shopping Centre
Montego Bay, Jamaica

BOARD OF DIRECTORS

Executive Chairman
Mr. Antony M. Hart

Directors
Ms. T. Chin
Mr. A. Hart
Mr. A. McCarthy
Mr. J. Byles

Director/ Secretary
Ms. J. Fray

Mentor
Mr. W. Craig

AUDITORS

PWC Chartered Accountants
10 Fairview Office Park, Montego Bay

BANKERS

The Bank of Nova Scotia Jamaica Ltd.
5-6 Sam Sharpe Square, Montego Bay

REGISTRAR and TRANSFER AGENT

Jamaica Central Security Depository
40 Harbour Street, Kingston

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Cargo Handlers Limited ("the Company") will be held at 2:30 p.m., on Thursday 23nd of March 2017 at Billy Craig Insurance Brokers Board Room, Fairview Business Park., Montego Bay for shareholders to consider and, if thought fit, pass the following resolutions:

1. To receive the audited financial statements for the financial year ended 30th September 2016.

2. To authorize the directors to appoint and agree the remuneration of the auditors for the coming financial year

3. To authorize the directors to agree the remuneration of the board members.

4. The following Directors of the Board, having resigned by rotation in accordance with the Company's Articles of Incorporation and being eligible, hereby offer themselves for re-election by the shareholders:
   (a) To re-appoint A. Mark Hart as a Director of the Company
   (b) To re-appoint Andrew McCarthy as a Director of the Company
   (c) To re-appoint John Byles as a Director of the Company

5. To declare the interim dividends paid in the year to be considered final

6. To authorize the directors to transact any other Business that may be properly transacted at an Annual General Meeting.

Dated: January 26, 2016
By Order of the Board
Jane Fray
Company Secretary

The following document accompanies this Notice of Annual General Meeting:
A form of proxy. A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint one or more proxies to attend in his/her place. A proxy need not be a shareholder of the Company. All completed original proxy forms must be deposited to together with the power of attorney or other document appointing the proxy, at the registered office of the Company at least 48 hours before the Annual General Meeting.

CHAIRMAN'S STATEMENT

We take great pleasure in presenting our annual report for the year ending Sept 30, 2016. The results were mostly in line with expectations as growth in Western Jamaica continues to prove sustainable. Cargo Handlers is well positioned due to continued national policies placing an emphasis on growth. The year in review was one of infrastructure developments that lifted the performance of the company. Most notably, the new LNG Terminal built to supply fuel to the JPS Bogue power plant located on the leased Berth 1 area of the port, was completed within the year with several equipment shipments during the construction phase. As LNG is now an alternate fuel for JPS, we expect in the medium term that this new fuel will provide opportunities for local distribution as well as for export within the region.

Cargo Handlers core stevedoring business has also had an increase in vessel handling operations. The launch of CMA-CGM's weekly containerized vessel service, several new cruise ship calls and, most importantly, homeport cruise operations have been welcomed. We expect this core segment to provide steady growth as considerable expansion of hotel rooms in the hospitality sector is expected to continue. The company is also making investments in our fuel transport business through our subsidiary Bulk Liquid Carriers Ltd. This is aimed at both modernizing our tanker fleet as well as building capacity.

I would like to take this opportunity to thank our loyal and dedicated stevedores and fuel logistics associates for meeting the rigorous standards necessary to perform at the highest levels, a job well done. These team-members have demonstrated their ability to stay ahead of any challenges.

The community we serve and the success of every customer is at the center of everything we do. We will strive to improve our services to our valued stakeholders and wherever we can make a difference. Cargo Handlers Ltd is going into its 37th year of stevedoring at the Port of Montego Bay. Many of these stevedores are descendants of the men that rowed wooden lighter boats out to ships anchored in the bay before the port existed. We salute these workers and their families. Lastly, as we look ahead to the future with optimism, we sincerely thank our shareholders for their continued confidence and support throughout last year.

Chairman

Financial Highlights

	2016	2015	2014	2013	2012
Assets	$361,560,098	$275,921,322	$245,717,996	$186,635,550	$139,530,764
Liabilities	$60,561,673	$29,486,571	$44,807,648	$49,771,432	$24,322,041
Shareholders' Equity	$300,998,425	$246,434,751	$200,020,705	$136,864,118	$115,208,723
Profit Before Taxation	$153,848,123	$135,924,854	$131,718,057	$84,947,360	$64,559,904
Earnings Per Stock Unit	$4.11	$3.63	$3.52	$2.27	$1.72

SHAREHOLDER'S PROFILE

TOP TEN (10) STOCKHOLDERS

As at 30 September 2016

NAME	
North Star Investment Ltd	11,324,264
Jane Fray	11,291,198
Mark Hart	10,991,198
Cargo Handlers Trust	4,159,170
Mayberry Managed Clients Accounts	555,379
Mayberry Investments Ltd. Pension Scheme	342,992
Rosemarie McIver	276,119
Nigel O. Coke	260,827
Robert Chin	258,000
Apex Pharmacy	195,551

Directors' and Senior Officers' Interests

Directors Holdings

Antony Hart[1]	-0-
Jane Fray	11,291,198
Mark Hart	10,991,198
Theresa Chin	760,022
Andrew McCarthy	-0-
John Byles	-0-

Senior Management Holdings

Theresa Chin	760,022
Christopher Hurge	40,000

[1] *Interest in North Star Investments Ltd.*

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Cargo Handlers Limited is responsible for good Corporate Governance. To this end, the Board is directly responsible for ensuring accountability, objectivity and transparency in the Company's activities, all of which are essential to the success of achieving increased shareholder confidence and maximization of shareholder value. In fulfilling its responsibility, the Board ensures compliance with the Company's policies and procedures; the rules of the Jamaica Stock Exchange Junior Market and the laws and regulations of the land.

Board Composition
As at September 30, 2016, a total of six members comprised the Company's Board: one Executive and five Non-Executive Directors. The members are experienced and qualified individuals with diverse skills and knowledge from varying professions. The expertise of the Board Members ensures that decisions are made in the best interest of the Company, resulting in improved Shareholders' Return.

Board Sub-committees
There are two Sub-Committees: the Audit and Compliance Committee and the Compensation Committee. The Members were appointed by the full Board of Directors and any Board Member, may by invitation, attend sub-committee meetings.

The Audit and Compliance Committee
This Committee, chaired by Mr. Andrew McCarthy, has direct responsibility to assist the Board by overseeing the financial reporting and auditing process of the Company's activities. The Committee meets quarterly and continues to be guided by its established terms of reference to ensure:- good fiscal discipline - open and accurate financial reporting and - timely disclosures for the financial period under review.

During the quarterly meetings, the members of the Committee also analyze the quarterly interim financial statements and the annual audited financial statements in accordance with the rules of the Jamaica Stock Exchange Junior Market and International Financial Reporting Standards, and makes recommendations to the full Board of Directors for publication.

The Compensation Committee

This Committee has responsibility to advise the Board on all matters relating to the compensation of the Executive members of the Board. The Committee is chaired by the Mr. Antony Mark Hart and its terms of reference require that the Committee meets at least once per year to evaluate the performance of the Executive Director. For the financial year under review, the Committee met as mandated and made its recommendation to the full Board of Directors.

Below is a summary of the register in respect of the meetings for the financial year-ended September 30, 2016

	AGM	EGM	BOD	Audit Committee	Compensation Committee
# of Meetings	1		5	5	1
Antony Hart	1	1	2		1
Mark Hart	1		3		1
Jane Fray	1	1	5	5	1
Andrew McCarthy		1	4	4	
John Byles			4		
Theresa Chin	1	1	5	5	

Management Discussions and Analysis

Cargo Handlers Limited is pleased to present its Management's Discussion and Analysis (MD&A) for the Financial Year ending September 30, 2016 wherein revenues amounting to $322M was realized for the period. This amount was up by $74.3M or 30% over the previous year due in part to increased business from project cargo thru-put associated with the build-out of the LNG facility in Freeport as well as the increasing number of cruise ships using Montego Bay as their hub.

Total expense for the year amounted to $145M which was up by $30M or 26.6% over the previous year. These results yielded net profit of $154M which was $18M or 13.3% greater than the $136M realized for the corresponding period; earnings per share for the period was $4.11 as compared to $3.63 in the previous year.

There is a recognized level of confidence in the Jamaican economy and the economic indicators support the optimism being displayed by businesses, especially those businesses within the hospitality sector. This confidence is evidenced by the positive projections for increased cruise and air traffic arrivals for 2017 as well as the recent announcement of a 325-room hotel project slated for Oyster Bay just east of Montego Bay.

Cargo Handlers' plans to augment its petroleum haulage operation over the course of the current year with transportation equipment valued at JA$20M being delivered as early as the first quarter of 2017, will give the company additional capacity in anticipation of the airport's air traffic projections.

The benefits to be derived from year-round cruise vessel arrivals requiring stevedoring services in support of their utilization of the Port of Montego Bay as a hub, augers well for the Company's future prospects. The growth potential of this segment is evident if not reassured, by the fact that Jamaica and the greater Caribbean remain the popular option for the major cruise partners.

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Independent Auditor's Report

To the Members of
Cargo Handlers Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Cargo Handlers Limited, set out on pages 10 to 41, which comprise the statement of financial position as at 30 September 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of financial statements that give a true and fair view 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.

PricewaterhouseCoopers, Suite 10, Fairview Office Park, Alice Eldemire Drive, Box 180, Montego Bay, Jamaica
T: (876) 952 5065, F: (876) 952 1273, www.pwc.com/jm

L.A. McKnight P.E. Williams A.K. Jain B.L. Scott B.J.Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom D.D. Dodd G.K.Moore

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cargo Handlers Limited as at 30 September 2016, 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 Other Legal and Regulatory Requirements

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
23 December 2016
Montego Bay, Jamaica

Cargo Handlers Limited
Statement of Comprehensive Income
Year ended 30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016	2015
		$	$
Revenue		307,772,867	236,921,053
Other income	6	14,304,964	10,770,293
Administrative expenses	7	(13,112,313)	(11,528,083)
Other operating expenses	7	(132,031,302)	(103,099,925)
Operating Profit		176,934,216	133,063,338
Interest income		2,358,881	4,092,041
Finance costs	9	(691,029)	(640,709)
Profit before Taxation		178,602,068	136,514,670
Taxation	10	(24,753,945)	(589,816)
Net Profit, being Total Comprehensive Income for the Year		153,848,123	135,924,854
EARNINGS PER STOCK UNIT	11	4.11	3.63

Cargo Handlers Limited
Statement of Financial Position
30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2016 $	2015 $
Non-Current Assets			
Property, plant and equipment	12	48,566,195	53,818,109
Related companies	13	9,271,149	19,528,581
		57,837,344	73,346,690
Current Assets			
Receivables	15	79,367,349	50,870,709
Taxation recoverable		668,603	668,603
Cash and cash equivalents	16	223,686,802	151,035,320
		303,722,754	202,574,632
Current Liabilities			
Payables	17	26,594,507	14,671,839
Income tax payable		11,425,502	-
Directors' current accounts	13	40,322	288,959
Borrowings	18	215,799	465,544
		38,276,130	15,426,342
Net Current Assets		265,446,624	187,148,290
		323,283,968	260,494,980
Shareholders' Equity			
Share capital	19	43,175,494	43,175,494
Capital reserve	20	172,311	172,311
Retained earnings		257,650,620	203,086,946
		300,998,425	246,434,751
Non-Current Liabilities			
Related companies	13	19,993,277	12,580,770
Deferred tax liability	14	2,292,266	1,479,459
		22,285,543	14,060,229
		323,283,968	260,494,980

Approved by the Board of Directors on 23 December 2016 and signed on its behalf by:

Antony Hart Director

Theresa Chin Director

Cargo Handlers Limited
Statement of Changes in Equity
Year ended 30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Stock Units	Share Capital $	Capital Reserve $	Retained Earnings $	Total $
Balance at 30 September 2014		37,465,830	43,175,494	172,311	156,672,900	200,020,705
Net profit, being total comprehensive income for the year		-	-	-	135,924,854	135,924,854
Transactions with owners:						
Dividends paid	21	-	-	-	(89,510,808)	(89,510,808)
Balance at 30 September 2015		37,465,830	43,175,494	172,311	203,086,946	246,434,751
Net profit, being total comprehensive income for the year		-	-	-	153,848,123	153,848,123
Transactions with owners:						
Dividends paid	21	-	-	-	(99,284,449)	(99,284,449)
Balance at 30 September 2016		37,465,830	43,175,494	172,311	257,650,620	300,998,425

Cargo Handlers Limited

Statement of Cash Flows
Year ended 30 September 2016
(expressed in Jamaican dollars unless otherwise indicated)

	2016 $	2015 $
Cash Flows from Operating Activities		
Net profit	153,848,123	135,924,854
Items not affecting cash:		
Unrealised exchange gain	(15,571,542)	(6,507,152)
Depreciation	7,580,050	6,726,979
Write off of property, plant and equipment	4,361,736	-
Bad debt written off	82,055	44,023
Interest income	(2,358,881)	(4,092,041)
Interest expense	691,029	640,709
Taxation	24,753,945	589,816
	173,386,515	133,327,188
Changes in operating assets and liabilities:		
Receivables	(25,089,289)	(6,464,269)
Payables	11,922,668	(8,427,887)
Directors' current accounts	(248,637)	(2,482,046)
Cash provided by operating activities	159,971,257	115,952,986
Tax deducted at source	(121,631)	(143,262)
Income tax paid	(12,394,005)	-
Net cash provided by operating activities	147,455,621	115,809,724
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(6,689,872)	(203,482)
Interest received	2,358,881	4,092,041
Cash (used in)/provided by investing activities	(4,330,991)	3,888,559
Cash Flows from Financing Activities		
Dividends paid	(99,284,449)	(89,510,808)
Related companies	17,669,939	22,744,072
Interest paid	(691,029)	(640,709)
Cash used in financing activities	(82,305,539)	(67,407,445)
Increase in net cash and cash equivalents	60,819,091	52,290,838
Effect of exchange rate on cash and cash equivalents	12,082,136	5,036,465
Cash and cash equivalents at beginning of year	150,569,776	93,242,473
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 16)	223,471,003	150,569,776

1. Identification and Principal Activity

Cargo Handlers Limited (the Company) is incorporated and domiciled in Jamaica and has its registered office at Montego Freeport Shopping Centre, Montego Bay. The Company's principal activities are the provision of stevedoring services, equipment leasing and the provision of management services.

The Company is listed on the Junior Market of the Jamaica Stock Exchange.

2. Summary of 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 to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with, and comply with, the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), 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 judgment in the process of applying the Company's accounting policies. 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 higher degree of judgment 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

Standards, interpretations and amendments to existing standards effective during the year

There are no standards, interpretations or amendments to existing standards that are effective during the year that would be expected to have a significant impact on the Company.

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

- ***Amendment to IAS 1, 'Presentation of Financial Statements'***, (effective for annual periods beginning on or after 1 January 2016). This amendment forms part of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. It clarifies guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment also clarifies that the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, classified between those items that will or will not be subsequently reclassified to profit or loss. The Company is currently assessing the impact of future adoption of the amendments on its financial statements.

- **Amendments to IAS 16, 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets' - Clarification of Acceptable Methods of Depreciation and Amortisation**, (effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Company does not expect any impact from the adoption of the amendments on its financial statements as it does not use revenue-based depreciation or amortisation methods.

2. **Summary of 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 (continued)

- **IFRS 9, 'Financial Instruments',** (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IASB issued IFRS 9 which is the comprehensive standard to replace *IAS 39 'Financial Instruments: Recognition and Measurement'*, and includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

  Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

  Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

  Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

  Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

  IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. The classification and measurement of investments in debt securities is driven by the entity's business model for managing the financial assets and the contractual characteristics and will result in one of the following three classifications: amortised cost, fair value through OCI ('FVOCI') or fair value through profit or loss ('FVPL').

2. Summary of 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 (continued)

- **IFRS 9, 'Financial Instruments',** (effective for annual periods beginning on or after 1 January 2018) (continued). Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

  The Company is currently examining the effect of this standard on its operations.

- **IFRS 15, 'Revenue from Contracts with Customers'**, (effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently assessing the impact of future adoption of the new standard on its financial statements.

- **Annual Improvements 2012-2014**, (effective for annual periods beginning on or after 1 January 2016). The amendments impact the following standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". The amendments to IFRS 5 do not have an impact on the Company. The Company is currently assessing the impact of future adoption of the other amendments on its financial statements.

- **IFRS 16, 'Leases'**, (effective for the periods beginning on or after 1 January 2019). The new standard will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. This standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

  This new standard will also affect the income statement because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expenses will be replaced with interest and depreciation, so key metrics such as EBITDA will change.

2. Summary of 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 (continued)

- **IFRS 16, 'Leases',** (effective for the periods beginning on or after 1 January 2019) (continued). The standard also states that operating cash flow will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflect interest can continue to be presented as operating cash flows.

  The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is currently assessing the impact of future adoption of the new standard on its financial statements.

- **Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses** (effective for the periods beginning on or after 1 January 2017). Amendments made to IAS 12 in January 2016 clarify the accounting for deferred tax where as asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that a temporary difference exists wherever the carrying amount of an asset is less than its tax base at the end of the reporting period. The amendment also confirms that an entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

  This new amendment also clarifies that tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. The Company is currently assessing the impact of future adoption of the new standard on its financial statements.

(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 and baggage handling, leasing and management 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.

Management fees
Income from management fees are recognised in the accounting period in which the services are rendered by reference to contractually agreed amounts.

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

2. Summary of Significant Accounting Policies (Continued)

(d) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The leased assets are included in property, plant and equipment as trailers and forklift.

(e) 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. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be reliably measured. 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%
Trailers and forklift	10%
Furniture, equipment and golf carts	10% - 20%
Motor vehicle	20%

Property, plant and equipment are periodically reviewed for impairment. 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 Company. Major renovations are depreciated over the remaining useful life of the related asset.

(f) 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.

2. Summary of Significant Accounting Policies (Continued)

(g) 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. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. 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.

(h) Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

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) Current and deferred income tax

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 differs 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.

2. Summary of Significant Accounting Policies (Continued)

(j) Current and deferred income tax (continued)
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.

Current and deferred tax assets and liabilities are offset when they arise from the same taxable entity, relate to the same tax authority and when the legal right of offset exists.

(k) Payables
Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are initially recognised at fair value and subsequently stated at amortised cost using the effective interest method.

(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
Equity compensation benefits
The Company grants equity compensation to certain employees and key management from time to time. The fair value of the employee services received in exchange for the grant of the equity compensation is recognised as an expense.

Annual leave entitlements
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 date.

(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 related party balances, receivables and cash and cash equivalents.

2. Summary of Significant Accounting Policies (Continued)

(n) Financial instruments (continued)

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

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

(o) Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company's employee trust purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the Company's owners.

(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 party 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.

(q) Dividends
Dividends are recorded as a deduction from equity in the period in which they are approved.

(r) Segment reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

The CODM has been identified as the Board of Directors who make strategic decisions. The operating segments identified are disclosed in Note 22.

3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including currency risk and interest rate 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 banking 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 customers 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. Accordingly, management does not expect any counterparty to fail to meet their obligations.

Maximum exposure to credit risk

For items on the statement of financial position, the exposures are based on net carrying amounts as reported in the statement of financial position.

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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

	2016	2015
	$	$
Stevedoring	59,860,118	32,614,447
Lumber yard	600,000	600,000
Leasing	12,354,825	7,059,900
Management fees	1,980,500	9,436,500
Other receivables	2,162,620	1,529,835
	76,958,063	51,240,682
Less: Impairment provision	(600,000)	(600,000)
	76,358,063	50,640,682

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 $41,669,915 (2015 - $13,779,055) 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:

	2016	2015
	$	$
31 – 60 days	9,559,391	3,487,110
61 – 90 days	13,350,738	4,301,384
Over 90 days	18,759,786	5,990,561
	41,669,915	13,779,055

The ageing of impaired receivables was as follows:

	2016	2015
	$	$
Over 90 days	600,000	600,000

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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:

	2016	2015
	$	$
At 1 October	600,000	1,300,000
Recovery of impaired receivables	-	(700,000)
At 30 September	600,000	600,000

The creation and release of provisions 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 regularly. 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.

(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 $
2016						
Payables	25,071,484	-	-	-	-	25,071,484
Directors' current accounts	40,322	-	-	-	-	40,322
Related companies	1,199,597	-	-	19,993,277	-	21,192,874
	26,311,403	-	-	19,993,277	-	46,304,680
2015						
Payables	12,137,528	-	-	-	-	12,137,528
Directors' current accounts	288,959	-	-	-	-	288,959
Related companies	754,846	-	-	12,580,770	-	13,335,616
	13,181,333	-	-	12,580,770	-	25,762,103

(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 risk mainly arises from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the Board of Directors. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risk or the manner in which it manages and measures the risk.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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. At 30 September, the Company's net foreign exchange exposure amounted to a net asset of $191,143,520 (2015 - $163,290,942).

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

The following table indicates the effect on profit arising from changes in foreign currency rates, primarily with respect to the US dollar. There is no direct impact on equity resulting from changes in the foreign currency rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for depreciation or appreciation of the Jamaican dollar against the US dollar, which represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity was primarily as a result of foreign exchange gains and losses on translation of US dollar-denominated bank balances.

		2016	2015
		$	$
Effect on profit –			
Depreciation	6% (2015 – 10%)	11,468,611	16,329,094
Appreciation	1% (2015 – 1%)	(1,911,435)	(1,632,909)

Interest rate risk

Interest rate risk is the risk that the fair 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 rate risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest rate risk arises from its related party and bank balances.

The Company manages interest rate risk by maintaining fixed rate instruments. It also manages the maturities of interest bearing financial assets and interest bearing financial liabilities. At 30 September 2016 and 2015 the Company had no significant exposure to variable rate interest rate risk.

(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. The Company met the capital requirement of at least $50,000,000 for listing on the Junior Market of the Jamaica Stock Exchange. There was no other externally imposed capital requirement.

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

4. Fair Value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).

Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a number of financial assets and liabilities held and issued by the Company. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position date.

4. Fair Value Estimation (Continued)

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amounts and the timing of future cash flows and the discount rates. 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 directors' current accounts and related party 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 Judgments and Key Sources of Estimation Uncertainty

Estimates and judgments 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.

In the process of applying the Company's accounting policies, management has arrived at no judgments which it believes would have a significant impact on the amounts recognised in these financial statements. Also, management has derived no estimates for inclusion in these financial statements which it believes have a significant risk of causing a material adjustment to the carrying amounts of these assets and liabilities within the next financial year.

6. Other Income

	2016 $	2015 $
Foreign exchange gains	14,304,964	6,103,181
Bad debt recovery	-	700,000
Miscellaneous	-	3,967,112
	14,304,964	10,770,293

(expressed in Jamaican dollars unless otherwise indicated)

7. Expenses by Nature

Total administration and other operating expenses:

	2016	2015
	$	$
Accounting fees	2,161,308	1,845,360
Advertising and promotion	914,678	1,004,531
Asset tax	200,000	200,000
Auditor's remuneration	2,300,000	2,300,000
Bad debts	82,055	44,023
Depreciation	7,580,050	6,726,979
Directors' emoluments -		
Directors' fees	1,190,000	1,190,000
Management fees	4,200,000	4,200,000
Donations	5,023,840	1,017,000
Insurance	2,829,072	121,885
Legal and professional fees	192,474	70,337
Loss on exchange	369,749	411,666
Minimum business tax	-	60,000
Other	4,070,659	1,957,605
Damaged cargo claims	74,034	3,405,216
Registration fees	856,265	786,756
Repairs and maintenance	6,145,667	3,245,000
Staff costs (Note 8)	105,753,424	84,801,476
Utililties	1,200,340	1,240,174
	145,143,615	114,628,008

8. Staff Costs

	2016	2015
	$	$
Salaries and wages	79,473,027	58,894,597
Statutory contributions	8,809,214	6,710,337
Termination payments	-	10,326,505
Other	17,471,183	8,870,037
	105,753,424	84,801,476

(expressed in Jamaican dollars unless otherwise indicated)

9. Finance Costs

	2016	2015
	$	$
Interest expense	691,029	640,709

10. Taxation

Taxation is based on the profit for the year adjusted for tax purposes and represents income tax charged at 25%:

	2016	2015
	$	$
Current tax	23,941,138	-
Deferred tax (Note 14)	812,807	589,816
	24,753,945	589,816

Reconciliation of applicable tax charge to effective tax charge:

	2016	2015
	$	$
Profit before tax	178,602,068	136,514,670
Tax calculated at 25%	44,650,517	34,128,667
Adjusted for the effects of:		
Income not subject to tax	(280,120)	14,567
Expenses not deductible for tax purposes	5,602,305	382,500
Remission of taxes	(23,941,138)	(33,284,148)
Net effect of other charges and allowances	(1,277,619)	(651,770)
Taxation	24,753,945	589,816

Remission of income tax:
In December 2010 the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange. Consequently, the Company was entitled to a remission of income tax for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100%
Years 5 to 10	50%

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. Subject to agreement with the Minister of Finance and Planning, the current year income tax payable for which remission will be sought is approximately $23,941,000 (2015 – $33,284,000).

(expressed in Jamaican dollars unless otherwise indicated)

11. Earnings per Stock Unit

The calculation of the earnings per stock unit is based on the profit after taxation and the weighted average number of stock units in issue during the year.

	2016	2015
Net profit attributable to stockholders ($)	153,848,123	135,924,854
Weighted average number of stock units in issue	37,465,830	37,465,830
Earnings per stock unit ($)	4.11	3.63

12. Property, Plant and Equipment

	2016					
	Buildings	Trailers & Forklift	Furniture, Equipment & Golf Carts	Motor Vehicle	Operating Assets	Total
	$	$	$	$	$	$
Cost -						
1 October 2015	2,318,815	54,543,678	6,423,532	3,366,000	4,361,734	71,013,759
Additions	-	-	89,872	6,600,000	-	6,689,872
Write-off	-	-	(228,810)	-	(4,361,734)	(4,590,544)
30 September 2016	2,318,815	54,543,678	6,284,594	9,966,000	-	73,113,087
Depreciation -						
1 October 2015	589,366	9,220,460	4,468,624	2,917,200	-	17,195,650
Charge for the year	57,970	5,454,368	518,913	1,548,799	-	7,580,050
Write-off	-	-	(228,808)	-	-	(228,808)
30 September 2016	647,336	14,674,828	4,758,729	4,465,999	-	24,546,892
Net book value -						
30 September 2016	1,671,479	39,868,850	1,525,865	5,500,001	-	48,566,195

(expressed in Jamaican dollars unless otherwise indicated)

12. Property, Plant and Equipment (Continued)

	2015					
	Buildings	**Trailers & Forklift**	**Furniture, Equipment & Golf Carts**	**Motor Vehicle**	**Operating Assets**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Cost -						
1 October 2014	2,318,815	54,543,678	6,220,050	3,366,000	4,361,734	70,810,277
Additions	-	-	203,482	-	-	203,482
30 September 2015	2,318,815	54,543,678	6,423,532	3,366,000	4,361,734	71,013,759
Depreciation -						
1 October 2014	531,396	3,766,092	3,927,183	2,244,000	-	10,468,671
Charge for the year	57,970	5,454,368	541,441	673,200	-	6,726,979
30 September 2015	589,366	9,220,460	4,468,624	2,917,200	-	17,195,650
Net book value -						
30 September 2015	1,729,449	45,323,218	1,954,908	448,800	4,361,734	53,818,109

(expressed in Jamaican dollars unless otherwise indicated)

13. Related Party Transactions and Balances

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

	2016	2015
	$	$
AMD Limited	8,119,741	4,874,208
Advisors Limited	1,451,437	(528,823)
Good Hope (Holdings) Limited	22,123	4,711,194
Good Hope Limited	(401,447)	1,738,531
Hart Investments Limited	(4,925,989)	4,014,950
Bilton Limited	(2,009,206)	6,390,641
Appleton Hall Limited	196,096	13,507,839
Saffack Limited	1,106,974	(958,658)
Port Handlers Limited	(76,044)	3,729,134
Samuel Hart & Son Limited	(1,260,416)	(1,589,531)
Sportswear Producers Limited	602,975	(471,873)
Freeport Investments Limited	-	105
Montego Place Limited	18,680	(18,680)
	2,844,924	35,399,037

(b) Key management compensation

	2016	2015
	$	$
Salaries and other short-term employee benefits	7,322,438	6,087,422
Statutory contributions	1,610,920	1,418,974
	8,933,358	7,506,396
Directors' emoluments -		
Directors' fees	1,190,000	1,190,000
Management remuneration	8,933,358	7,506,396
Management fees	4,200,000	4,200,000

(c) Transactions in the normal course of business

	2016	2015
	$	$
Professional services rendered by a related party	2,161,308	1,845,360
Interest earned on balances due from related parties	1,839,889	3,485,033
Interest paid on balances due to related parties	685,029	628,779
Lease income earned from a related party	18,180,000	18,180,000
Management fees earned from a related party	10,200,000	13,200,000
Purchase of goods from a related party	240,911	431,616

(expressed in Jamaican dollars unless otherwise indicated)

13. Related Party Transactions and Balances (Continued)

(d) Year-end balances arising from transactions with related companies

	2016 $	2015 $
Non-current		
Due from:		
AMD Limited	5,992,349	14,112,090
Samuel Hart & Son Limited	-	2,097,126
Good Hope (Holdings) Limited	3,276,042	3,298,165
Port Handlers Limited	2,758	2,520
Montego Place Limited	-	18,680
	9,271,149	19,528,581

	2016 $	2015 $
Due to:		
Appleton Hall Limited	-	196,096
Advisors Limited	3,423,468	4,874,905
Bilton Limited	2,612,164	602,959
Saffack Limited	5,042,921	6,149,895
Good Hope Limited	401,447	-
Sportswear Producers Limited	-	602,975
Samuel Hart & Son Limited	3,357,542	-
Port Handlers Limited	75,806	-
Hart Investments Limited	5,079,929	153,940
	19,993,277	12,580,770

	2016 $	2015 $
Current		
Due from (Note 15):		
Bulk Liquid Carriers Petroleum Transport Limited	14,335,536	16,499,313

The Company is related to the above companies by having similar ownership and/or management control. With the exception of the amounts included in current receivables, balances due to and/or from these companies have no set repayment terms and are not due for payment within the next twelve months.

The weighted average effective interest rate on transfers between related party bank accounts for working capital purposes is 6% (2015 – 6%).

(e) Directors' current accounts
The directors' balances are unsecured, interest free and have no set repayment terms.

(expressed in Jamaican dollars unless otherwise indicated)

14. Deferred Taxation

Deferred income taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of 25%.

The movement on the deferred taxation account is as follows:

	2016	2015
	$	$
Liability at beginning of year	(1,479,459)	(889,643)
Charged during the year (Note10)	(812,807)	(589,816)
Liability at end of year	(2,292,266)	(1,479,459)

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

	2016	2015
	$	$
Deferred income tax assets:		
Accelerated depreciation	9,951	6,428
Accrued vacation	125,467	91,820
Unrealised foreign exchange loss	22,500	-
	157,918	98,248
Deferred income tax liabilities:		
Unrealised foreign exchange gain	(188,300)	-
Accelerated depreciation	(2,261,884)	(1,577,707)
	(2,450,184)	(1,577,707)
	(2,292,266)	(1,479,459)

The deferred tax charge in the statement of comprehensive income comprises the following temporary differences:

	2016	2015
	$	$
Accrued vacation	33,647	91,820
Unrealised foreign exchange gain	(188,300)	-
Unrealised foreign exchange loss	22,500	-
Accelerated depreciation	(680,654)	(681,636)
	(812,807)	(589,816)

Deferred income tax assets and liabilities are offset when there is a legal enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes related to the same fiscal authority.

(expressed in Jamaican dollars unless otherwise indicated)

14. Deferred Taxation (Continued)

The offset amount shown in the statement of financial position includes the following:

	2016	2015
	$	$
Deferred income tax asset to be recovered -		
Within 12 months	125,467	91,820
After more than 12 months	32,451	6,428
	157,918	98,248
Deferred income tax liability to be settled -		
Within 12 months	(188,300)	-
After more than 12 months	(2,261,864)	(1,577,707)
	(2,450,164)	(1,577,707)
	(2,292,246)	(1,479,459)

15. Receivables

	2016	2015
	$	$
Trade	60,460,618	33,214,947
Less: Impairment provision	(600,000)	(600,000)
	59,860,618	32,614,947
Related parties (Note 13)	14,335,536	16,499,313
Other receivables and prepayments	5,171,195	1,756,449
	79,367,349	50,870,709

16. Cash and Cash Equivalents

	2016	2015
	$	$
Cash at bank and in hand	223,686,802	151,035,320

The weighted average effective interest rate for cash is 0.30 % (2015 – 0.41%).

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

	2016	2015
	$	$
Cash and bank balances	223,686,802	151,035,320
Bank overdraft (Note 18)	(215,799)	(465,544)
	223,471,003	150,569,776

(expressed in Jamaican dollars unless otherwise indicated)

17. Payables

	2016	2015
	$	$
Trade	9,344,853	531,693
Accruals	13,657,994	11,244,527
Other	3,591,660	2,895,619
	26,594,507	14,671,839

18. Borrowings

	2016	2015
	$	$
Bank overdraft (Note 16)	215,799	465,544

The bank overdraft represented 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. Interest is charged at a rate of 17.25% when overdrawn, and the facility is secured by unlimited guarantees of Bilton Limited.

19. Share Capital

	2016	2015
	$	$
The total authorised number of ordinary shares is 46,620,000		
Issued and fully paid -		
41,625,000	47,334,664	47,334,664
4,159,170 treasury shares	(4,159,170)	(4,159,170)
	43,175,494	43,175,494

By resolution dated 26 September 2016, the Shareholders approved the following:

(a) The existing authorised share capital of the Company be increased from 46,620,000 to 466,200,000 ordinary shares by the creation of an additional 419,580,000 ordinary shares with effect from close of business on 21 October 2016. Such new shares created to rank pari passu in all respects with existing shares in the capital of the Company.

(b) Each of the 46,620,000 ordinary shares in the capital of the Company be subdivided into 10 ordinary shares each thereby making a total share capital of 466,200,000 ordinary shares of no par value at the existing total stated capital with effect from close of business on 21 October 2016.

(expressed in Jamaican dollars unless otherwise indicated)

20. Capital Reserve

	2016	2015
	$	$
Realised gains on sale of property, plant and equipment	172,311	172,311

21. Dividends

By resolutions dated 26 January 2016 and 3 August 2016, the Board of Directors approved the payment of interim dividends in the amounts of $1.30 and $1.35 per share respectively. In the prior year, resolutions dated 26 January 2015 and 29 July 2015 resulted in the approval of interim dividend payments of $1.25 and $1.10 per share respectively.

22. Segment Information

The Company is organised into the following business segments:

(a) Stevedoring – This incorporates the provision of stevedoring and baggage handling services to companies.

(b) Leasing – The Company earns lease income from the leasing of trailers.

(c) Management services – This incorporates fees charged for managing and operating a related company.

The Company's operations are located in Jamaica and all revenue is earned externally from customers located in Jamaica. The Company's major customers are Seaboard Freight & Shipping Jamaica Limited, Lannaman & Morris (Shipping) Limited and Bulk Liquid Carriers Petroleum Transport Limited.

Direct allocated and unallocated income and expenses
Income and expenses incurred by the reportable business segments and the corporate office are reported to the Board of Directors based on certain criteria determined by management. These criteria include the nature of the service provided and the activity supported by the cost incurred. Direct allocated income and expenses include revenue, other income, interest income, depreciation and other expenses in respect of the identified business segments. Unallocated income and expenses include corporate office results.

Unallocated assets and liabilities
Unallocated assets and liabilities comprise taxation recoverable, income tax payable, deferred tax liabilities, related party balances and assets and liabilities that are not directly attributable to any specific business segment.

(expressed in Jamaican dollars unless otherwise indicated)

22. Segment Information (Continued)

The segment information provided to management for the reportable segments is as follows:

	2016				
	Stevedoring	**Leasing**	**Management Services**	**Unallocated**	**Total**
	$	**$**	**$**	**$**	**$**
Revenue	279,392,867	18,180,000	10,200,000	-	307,772,867
Other income	1,721,980	-	-	12,582,984	14,304,964
Interest income	32,472	-	-	2,326,409	2,358,881
Depreciation	(2,125,682)	(5,454,368)	-	-	(7,580,050)
Other expenses	(117,989,745)	(31,470)	-	(19,542,350)	(137,563,565)
Finance costs	-	-	-	(691,029)	(691,029)
Profit before taxation	161,031,892	12,694,162	10,200,000	(5,323,986)	178,602,068
Taxation	-	-	-	(24,753,945)	(24,753,945)
Net profit	161,031,892	12,694,162	10,200,000	(30,077,931)	153,848,123
Segment assets	74,454,163	52,223,675	1,980,500	232,901,760	361,560,098
Segment liabilities	10,780,798	-	-	49,780,875	60,561,673
Capital expenditure	6,689,872	-	-	-	6,689,872

(expressed in Jamaican dollars unless otherwise indicated)

22. Segment Information (Continued)

The profit or loss, assets and liabilities for the reportable segments are reconciled to the totals for profit or loss, assets and liabilities as follows:

	2015				
	Stevedoring	Leasing	Management Services	Unallocated	Total
	$	$	$	$	$
Revenue	205,541,053	18,180,000	13,200,000	-	236,921,053
Other income	1,554,850	4,886	-	9,210,557	10,770,293
Interest income	33,963	-	-	4,058,078	4,092,041
Depreciation	(1,272,611)	(5,454,368)	-	-	(6,726,979)
Other expenses	(94,045,373)	(786,302)	-	(13,069,354)	(107,901,029)
Finance costs	-	-	-	(640,709)	(640,709)
Profit before taxation	111,811,882	11,944,216	13,200,000	(441,428)	136,514,670
Taxation	-	-	-	(589,816)	(589,816)
Net profit	111,811,882	11,944,216	13,200,000	(1,031,244)	135,924,854
Segment assets	47,968,110	52,383,118	9,436,500	166,133,594	275,921,322
Segment liabilities	7,973,628	-	-	21,512,943	29,486,571
Capital expenditure	203,482	-	-	-	203,482

(expressed in Jamaican dollars unless otherwise indicated)

22. Segment Information (Continued)

The profit or loss, assets and liabilities for the reportable segments are reconciled to the totals for profit or loss, assets and liabilities as follows:

	Profit before taxation		Assets		Liabilities	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**	**$**	**$**
Total for business segments	183,926,054	136,956,098	128,658,338	109,787,728	10,780,798	7,973,628
Unallocated amounts:						
Corporate office results	(6,959,366)	(3,858,797)	-	-	-	-
Interest income	2,326,409	4,058,078	-	-	-	-
Finance costs	(691,029)	(640,709)	-	-	-	-
Related companies	-	-	9,271,149	19,528,581	19,993,277	12,580,770
Receivables	-	-	3,019,356	286,927	-	-
Taxation recoverable	-	-	668,603	668,603	-	-
Cash	-	-	219,942,652	145,649,483	-	-
Payables	-	-	-	-	15,813,709	6,698,211
Income tax payable	-	-	-	-	11,425,502	-
Directors' current accounts	-	-	-	-	40,322	288,959
Borrowings	-	-	-	-	215,799	465,544
Deferred tax liabilities	-	-	-	-	2,292,266	1,479,459
Total unallocated amounts	(5,323,986)	(441,428)	232,901,760	166,133,594	49,780,875	21,512,943
Total per financial statements	178,602,068	136,514,670	361,560,098	275,921,322	60,561,673	29,486,571

(expressed in Jamaican dollars unless otherwise indicated)

23. Operating Lease Commitments

(a) The Company leases commercial space from The Port Authority of Jamaica for the operation of a changing room for stevedores. The lease is renewed annually with monthly payments of $51,605 (2015 - $44,655). The current lease will expire on 30 June 2017.

(b) The Company entered into an agreement on 1 January 2014 to lease equipment to Bulk Liquid Carriers Petroleum Transport Limited. The lease is for a period of 2 years with an automatic option to renew for a further 2 years. During the year, both parties exercised the option to renew and the future minimum lease payments receivable are as follows:

	2016	2015
	$	$
Not later than 1 year	18,180,000	4,545,000
Later than 1 year but not later than 5 years	4,545,000	-
	22,725,000	4,545,000