# Cargo Handlers Limited

Statement of Financial Position

**9 months ending June 30, 2013**

| | Jun 2013<br>$ | Jun 2012<br>$ | Audited<br>Sept 2012<br>$ |
|---|---|---|---|
| **Non-Current Assets** | | | |
| Property, plant & equipment | 11,195,613 | 12,950,869 | 11,933,357 |
| Related Companies | 2,361,612 | 45,909,107 | 14,567,759 |
| **Current Assets** | | | |
| Receivables | 32,986,561 | 19,437,546 | 13,726,493 |
| Taxation recoverable | 426,421 | 199,804 | 269,394 |
| Cash | 89,136,298 | 47,031,038 | 99,033,761 |
| | 122,549,281 | 66,668,388 | 113,029,648 |
| **Current Liabilities** | | | |
| Payables | 17,883,759 | 13,338,367 | 14,198,779 |
| Directors' current accounts | 2,430,649 | 249,532 | 494,985 |
| Borrowings | - | - | - |
| | 20,314,408 | 13,587,900 | 14,693,764 |
| **Net Current Assets/(Liabilities)** | 102,234,873 | 53,080,488 | 98,335,884 |
| | 115,792,097 | 111,940,464 | 124,837,000 |
| **Shareholders' Equity** | | | |
| Share capital | 47,334,664 | 47,334,664 | 43,175,494 |
| Capital reserve | 172,311 | 172,311 | 172,311 |
| Retained earnings | 60,256,890 | 64,427,119 | 71,860,918 |
| | 107,763,865 | 111,934,094 | 115,208,723 |
| **Non-Current Liability** | | | |
| Deferred tax liability | 3,232 | 6,370 | 3,232 |
| Related Companies | 8,025,000 | - | 9,625,045 |
| | 115,792,097 | 111,940,464 | 124,837,000 |

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

Jane Fray Director

Mark Hart Director

## Cargo Handlers Limited

Statement of Comprehensive Income

**9 months ending June 30, 2013**

| | 3 months to June 2013 $ | 3 months to June 2012 $ | 9 months to June 2013 $ | 9 months to June 2012 $ |
|---|---|---|---|---|
| **Revenue** | 40,085,417 | 34,614,988 | 114,576,494 | 95,059,254 |
| Other income | 2,385,873 | 870,357 | 10,164,933 | 1,202,704 |
| Administrative expenses | (2,043,117) | (1,871,912) | (6,417,801) | (6,155,791) |
| Other operating expenses | (17,675,666) | (14,815,904) | (55,529,977) | (42,908,493) |
| **Operating Profit** | 22,752,507 | 18,797,529 | 62,793,649 | 47,197,674 |
| Interest Income | 260,704 | 844,716 | 1,719,506 | 2,370,595 |
| Finance costs | (425,915) | (132,032) | (939,802) | (514,778) |
| **Profit before Taxation** | 22,587,296 | 19,510,214 | 63,573,353 | 49,053,491 |
| Taxation | - | - | - | - |
| **Net Profit, being Total Comprehensive Income for period June 30** | 22,587,296 | 19,510,214 | 63,573,353 | 49,053,491 |
| **Earnings Per Share (EPS)** | **0.54** | **0.47** | **1.53** | **1.18** |

## Cargo Handlers Limited

Statement of Changes in Equity

**9 months ending June 30, 2013**

| | Number of Stock Units | Share Capital $ | Capital Reserve $ | Retained Earnings $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 30 September 2011** | **37,465,830** | **43,175,494** | **172,311** | **43,334,470** | **86,682,275** |
| Treasury shares Re: Employee Trust Fund | 4,159,170 | 4,159,170 | - | - | 4,159,170 |
| Dividend Income net of Bank Charges Re: Employee Trust | | - | - | (1,321,130) | (1,321,130) |
| Net profit, being total comprehensive income for the quarter | | - | - | 49,053,491 | 49,053,491 |
| **Transactions with owners:** | - | - | - | - | - |
| Dividends paid | | | | (26,639,712) | (26,639,712) |
| **Balance at 30 June 2012** | **41,625,000** | **47,334,664** | **172,311** | **64,427,119** | **111,934,094** |
| | | | | | |
| **Balance at 30 September 2012** | **37,465,830** | **43,175,494** | **172,311** | **71,860,918** | **115,208,723** |
| Treasury shares Re: Employee Trust Fund | 4,159,170 | 4,159,170 | - | - | 4,159,170 |
| Dividend Income net of Bank Charges Re: Employee Trust | | - | - | (5,247,381) | (5,247,381) |
| Net profit, being total comprehensive income for the quarter | - | - | - | 63,573,353 | 63,573,353 |
| **Transactions with owners:** | - | - | - | - | - |
| Dividends paid | | | | (69,930,000) | (69,930,000) |
| **Balance at 30 June 2013** | **41,625,000** | **47,334,664** | **172,311** | **60,256,890** | **107,763,865** |

# Cargo Handlers Limited

Statement of Cash Flows

**9 months ending June 30, 2013**

| | June 2013 | June 2012 |
|---|---|---|
| | $ | $ |
| **Cash Flows from Operating Activities** | | |
| Net Profit | 63,573,353 | 49,053,491 |
| Items not affecting cash: | | |
| Unrealised exchange (gain)/loss | (10,161,408) | (1,099,136) |
| Depreciation | 944,199 | 954,332 |
| Interest income | (1,719,506) | (2,370,595) |
| Interest expense | 939,802 | 514,778 |
| Changes in operating assets and liabilities: | | |
| Receivables | (19,260,068) | 1,187,899 |
| Payables | 3,640,663 | (8,243,452) |
| Directors' current accounts | 1,935,665 | (3,122,002) |
| Cash (used in)/provided by operating activites | 39,892,700 | 36,875,314 |
| Income tax paid/recoverable | (157,027) | (67,752) |
| Net cash (used in)/provided by operating activities | 39,735,673 | 36,807,562 |
| | | |
| **Cash Flows from Investing Activities** | | |
| Purchase of property, plant & equipment | (206,455) | - |
| Proceeds from sale of property, plant & equipment | - | - |
| Interest received | 1,719,506 | 2,370,595 |
| Cash provided by investing activities | 1,513,051 | 2,370,595 |
| | | |
| **Cash Flows from Financing Activities** | | |
| Related Companies | 10,650,420 | (9,828,956) |
| Interest paid | (939,802) | (514,778) |
| Ordinary Shares | - | - |
| Dividends | (69,930,000) | (26,639,712) |
| Cash provided by financing activities | (60,219,383) | (36,983,447) |
| | | |
| (Decrease)/Increase in net cash and cash equivalents | (18,970,659) | 2,194,711 |
| Effect of exchange rate on net cash and cash equivalents | 10,161,408 | 1,099,136 |
| Adj re: Employee Trust Fund | (1,088,212) | (780,306) |
| Cash and cash equivalents at beginning of year | 99,033,761 | 44,517,497 |
| **Cash and cash equivalents for period ending June 30** | 89,136,298 | 47,031,038 |

## 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.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher 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

**Standards, interpretations and amendments to published standards effective in the current year** Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

**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 adoption of this amendment does not have any impact on these financial statements.

**IFRS 7 (Amendment) Financial instruments - Disclosures** (effective 1 January 2011). The amendment clarifies the disclosure requirement by emphasising the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. It also clarifies that only those financial assets whose carrying amounts do not reflect the maximum exposure to credit risk need further disclosure of the amount that represents the maximum exposure to such risk. The Company's credit risk disclosures have been amended accordingly.

## 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**

The following standards, interpretations and amendments to published standards are mandatory for the Company's accounting periods beginning on or after 1 October 2012, but the Company has not early adopted them.

**IFRS 9 - Financial Instruments part *1:* Classification and measurement** (effective for annual periods beginning on or after 1 January 2015). Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.
All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

Entities with financial liabilities designated as fair value through profit or loss recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted for financial assets without adopting the requirements for financial liabilities. The Company is currently examining the effect of this standard on its operations.
The Company has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing 'Improvements to IFRS' project.

### (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:

## 2. Summary of Significant Accounting Policies (Continued)

### (c) Revenue recognition (continued)

**Sales of services**
Sales of stevedoring and baggage handling 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.

### (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 | $2\frac{1}{2}$% |
| 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.

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 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.

## 2. Summary of Significant Accounting Policies (Continued)

### (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.

### (g) 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.

### (h) 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.

### (i) 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.

## 2. Summary of Significant Accounting Policies (Continued)

### (i) Income taxes (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.

### j) 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.

### (k) 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.

### (l) Employee benefits

**Equity compensation benefits**

The Company granted equity compensation to certain employees and key management. 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.

### (m) 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)

### (m) 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.

### (n) 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.

### (o) 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.

### (p) Dividends
Dividends are recorded as a deduction from equity in the period in which they are approved. Dividends for the year that are declared after the year end date are dealt with in a subsequent events note.

### (q) 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, in particular the executive members, who make strategic decisions. Based on the internal management reports presented to and reviewed by the CODM, the entire operations of the Company are considered as one operating segment.

## TOP TEN (10) STOCKHOLDERS

As at 30 June 2013

| NAME | | |
|---|---|---|
| 1. | Antony Hart | 11,324,264 |
| 2. | Jane Fray | 11,291,198 |
| 3. | Mark Hart | 10,991,198 |
| 4. | Cargo Handlers Trust | 4,159,170 |
| 5. | Mayberry Managed Clients Accounts | 487,548 |
| 6. | Konrad Berry | 324,631 |
| 7. | Mayberry Investments Ltd. Pension Scheme | 323,631 |
| 8. | Rosemarie McIver | 276,119 |
| 9. | Robert Chin | 258,000 |
| 10. | Mayberry West Indies Limited | 200,000 |

## Directors' and Senior Officers' Interests

The interests of the Directors and Senior Officers, holding office at the end of the quarter, along with their connected persons*, in the ordinary stock units of the Company were as follows:

Directors Holdings

| | |
|---|---|
| Antony Hart | 11,324,264 |
| Jane Fray | 11,291,198 |
| Mark Hart | 10,991,198 |
| Theresa Chin | 654,826 |

Senior Management Holdings

| | |
|---|---|
| Theresa Chin | 654,826 |
| Christopher Hurge | 40,000 |

* Persons deemed to be connected with a director/senior manager are:

A. The director's/senior manager's husband or wife.
B. The director's/senior manager's minor children (these include step-children) and dependents, and their spouses.
C. The director's /senior manager's partners.
D. Bodies corporate of which the director/senior manager and or persons connected with him together have control.