

CARGO Handlers Ltd.

3rd Quarter Financial Statements

June 30, 2018

Cargo Handlers Limited

Selected Notes to the Financial Statements

Period Ending 30 June 2018

Management Discussions and Analysis

We are pleased to share the highlights of our performance for the third quarter ending June 30, 2018 where revenue amounting to \$93.43M was achieved and was 22% above the corresponding quarter in 2017. Expense of \$41.5M increased by \$3.6M (9.6%) compared to the three months to June 30, 2017 due mainly to corresponding salaries from the increased activities. The Company's overall net profit for the three months to June 30, 2018 increased to \$41.8M and was \$10.44M above the corresponding quarter last year. The resultant earnings per share (EPS) for the quarter equated to \$0.11, up 37% when compared to the same period in 2017.

The results are indicative of the sustained positive influence of the western region's commercial and construction sectors. These activities continue to support the local shipping industry and by extension, our cargo handling services. Our stevedoring activities this quarter was encouraging despite the absence of seasonal homeport activities of the Cruise Lines. It is noteworthy to highlight that the world's major cruise companies continue to feature Jamaica as a premier destination and with continued focus on Montego Bay as a home port. Cargo Handlers recognizes the growing importance of this sector and the value of positioning ourselves to be more responsive to meeting their varied needs. The port's extension of berth 2 and build out of berth 1 is on schedule and we look forward to the increased capacity to facilitate the port's role as a multi-purpose facility servicing the western region.

The key objectives which underline the operational and financial performance of Cargo Handlers continue to be achieved through prudent management of our resources. Through this medium, we will also continue to provide timely outlook on the strategic

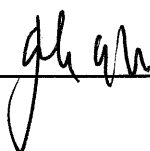
Cargo Handlers Limited

Statement of Financial Position
9 months ending June 30, 2018

	Unaudited Jun 2018 \$	Unaudited Jun 2017 \$	Audited Sept 2017
Non-Current Assets			
Property, plant & equipment	66,268,900	56,176,682	62,706,303
Related Companies	6,465,625	49,150,025	23,477,022
	<u>72,734,525</u>	<u>105,326,707</u>	<u>86,183,325</u>
Current Assets			
Receivables	91,877,455	80,450,984	66,982,284
Taxation recoverable	668,603	790,234	668,603
Cash	322,724,758	236,724,417	252,483,659
	<u>415,270,816</u>	<u>317,965,635</u>	<u>320,134,546</u>
Current Liabilities			
Payables	16,332,941	18,101,590	23,337,895
Income tax payable	9,166,445	6,021,568	3,905,200
Borrowings	-	802,679	80,340
	<u>25,499,387</u>	<u>24,925,837</u>	<u>27,323,435</u>
Net Current Assets/(Liabilities)	<u>389,771,429</u>	<u>293,039,798</u>	<u>292,811,111</u>
	<u>462,505,954</u>	<u>398,366,505</u>	<u>378,994,436</u>
Shareholders' Equity			
Share capital	43,175,494	43,175,494	43,175,494
Capital reserve	172,311	172,311	172,311
Retained earnings	391,411,231	323,003,888	306,714,308
	<u>434,759,036</u>	<u>366,351,693</u>	<u>350,062,113</u>
Non-Current Liability			
Related Companies	24,891,412	29,722,546	26,076,817
Deferred tax liability	2,855,506	2,292,266	2,855,506
	<u>27,746,918</u>	<u>32,014,812</u>	<u>28,932,323</u>
	<u>462,505,954</u>	<u>398,366,505</u>	<u>378,994,436</u>

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

John Byles



Theresa Chin



Cargo Handlers Limited

Statement of Comprehensive Income

9 months ending June 30, 2018

	3 months to Jun 2018	3 months to Jun 2017	9 months to Jun 2018	9 months to Jun 2017
	\$	\$	\$	\$
Revenue	92,151,647	73,831,406	280,109,883	255,440,821
Exchange gain	1,284,712	2,234,350	3,597,009	2,234,350
Other Income	-	-	-	3,421,204
Administrative expenses	(4,589,238)	(4,391,275)	(17,054,836)	(14,274,180)
Other operating expenses	<u>(39,497,296)</u>	<u>(35,372,878)</u>	<u>(119,613,654)</u>	<u>(112,152,139)</u>
Operating Profit	49,349,826	36,301,603	147,038,401	134,670,057
Interest Income	112,099	464,840	970,629	1,782,458
Loss on exchange	-	-	-	(1,661,891)
Finance costs	<u>(501,961)</u>	<u>(456,493)</u>	<u>(1,398,550)</u>	<u>(999,591)</u>
Profit before Taxation	48,959,964	36,309,950	146,610,481	133,791,033
Taxation	<u>(7,159,872)</u>	<u>(4,955,904)</u>	<u>(18,827,853)</u>	<u>(17,858,894)</u>
Net Profit, being Total Comprehensive Income for period	<u>41,800,092</u>	<u>31,354,046</u>	<u>127,782,628</u>	<u>115,932,139</u>
Earnings Per Share (EPS)	0.11	0.08	0.34	0.31

Cargo Handlers Limited

Statement of Changes in Equity
9 months ending June 30, 2018

	Number of Stock Units	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
Balance at 30 September 2016	37,465,830	43,175,494	172,311	257,650,620	300,998,425
Net profit, being total comprehensive income for the period	-	-	-	115,932,139	115,932,139
Transactions with owners:					
Shares issued	337,192,470	-	-	-	-
Dividends paid	-	-	-	(50,578,871)	(50,578,871)
Balance at 30 June 2017	374,658,300	43,175,494	172,311	323,003,888	366,351,693
Balance at 30 September 2017	374,658,300	43,175,494	172,311	306,714,308	350,062,113
Net profit, being total comprehensive income for the period	-	-	-	127,782,628	127,782,628
Transactions with owners:					
Dividends paid	-	-	-	(43,085,705)	(43,085,705)
Balance at 30 June 2018	374,658,300	43,175,494	172,311	391,411,231	434,759,036

Cargo Handlers Limited

Statement of Cash Flows

9 months ending June 30, 2018

	Jun 2018	Jun 2017
	\$	\$
Cash Flows from Operating Activities		
Net Profit	127,782,628	115,932,139
Items not affecting cash:		
Unrealised exchange (gain)/loss	395,993	(2,129,930)
Depreciation	7,730,080	5,716,130
Bad debt written off	12,000	2,336
Interest income	(970,629)	(1,782,458)
Interest expense	1,398,550	999,591
Taxation	18,827,854	17,858,894
	<u>155,176,475</u>	<u>136,596,702</u>
Changes in operating assets and liabilities:		
Receivables	(24,976,225)	(657,376)
Payables	(7,004,954)	(8,492,917)
Directors' current accounts	-	(40,322)
Cash (used in)/provided by operating activities	123,195,296	127,406,087
Tax withheld at source	(18,898)	(49,080)
Income tax paid	(13,547,710)	(23,335,380)
Net cash (used in)/provided by operating activities	<u>109,628,688</u>	<u>104,021,626</u>
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(11,292,676)	(13,326,617)
Interest received	970,629	1,782,458
Cash provided by investing activities	<u>(10,322,047)</u>	<u>(11,544,159)</u>
Cash Flows from Financing Activities		
Related Companies	15,825,992	(30,149,607)
Interest paid	(1,398,550)	(999,591)
Bank overdraft	-	802,679
Dividends	(43,085,705)	(50,578,871)
Cash provided by financing activities	<u>(28,658,263)</u>	<u>(80,925,389)</u>
(Decrease)/Increase in net cash and cash equivalents	70,648,378	11,552,079
Effect of exchange rate on net cash and cash equivalents	(326,938)	1,701,335
Cash and cash equivalents at beginning of year	<u>252,403,319</u>	<u>223,471,003</u>
Cash and cash equivalents for period ending Jun 30	<u><u>322,724,758</u></u>	<u><u>236,724,417</u></u>

Cargo Handlers Limited

Selected Notes to the Financial Statements Period Ending 30 June 2018

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, equipment leasing and the provision of management services

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

2. Basis of preparation

The interim financial statements for the period June 30, 2018 have been prepared in accordance with and in compliance with financial reporting standards. These interim financial statements were presented in accordance with IAS 34 "Interim Financial Reports", and follows the same accounting policies and method of computation that were used in the annual audit financial statements September 30, 2017.

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 statement are disclosed in Note 4.

3. Taxation

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 28, 2010. Consequently, the company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the share remain listed for at least 15 years.

Years 1 to 5	100%
Years 6 to 10	50%

4. 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 recognized 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.

CARGO Handlers Ltd.

TOP TEN (10) STOCKHOLDERS

As at 30 June 2018

<u>NAME</u>	<u>UNITS</u>	<u>PERCENTAGE</u>
North Star Investment Ltd	113,242,640	27.2054
Jane Fray	112,911,980	27.1260
Antony Mark Hart	109,911,980	26.4053
Cargo Handlers Trust	41,591,700	9.9920
Mayberry Managed Clients Accounts	4,964,311	1.1926
Mayberry Investments Ltd. Pension Scheme	3,429,920	0.8240
Nigel O. Coke	2,900,349	0.6989
Rosemarie McIver	2,761,190	0.6633
Robert H. S. Chin	2,580,000	0.6198
Conrad H. P Chin	2,009,220	0.4827

DIRECTORS AND CONNECTED PARTIES REPORT

<u>NAME</u>	<u>POSITION</u>	<u>RELATIONSHIP</u>	<u>UNITS</u>	<u>PERCENTAGE</u>
Mary Jane Fray	Director	Self	112,911,980	27.1261
Mark Hart	Chairman	Self	109,911,980	26.4052
Theresa Chin	Director	Self	1,721,000	0.4134
Theresa Chin	Director	Connected party holding	5,879,220	1.4115
Andrew McCarthy	Director	Self	0.00	0.00
John Byles	Director	Self	0.00	0.00
William Craig	Director	Self	0.00	0.00

Key Member Holdings	224,544,960	53.94
Connected Party Holdings	5,879,220	1.41
Combined Holdings	230,424,180	55.35

Senior Managers

Theresa Chin	7,600,220
Christopher Hurge	400,000