

CARGO Handlers Ltd.

1st Quarter
Financial Statements

December 31, 2018

Cargo Handlers Limited

Selected Notes to the Financial Statements
Period Ending 30 December 2018

Management Discussions and Analysis

We are pleased to share the results of our performance for the first three months of the 2018/19 Fiscal Year that ended December 31, 2018 wherein revenue amounting to \$105.72M was achieved. This was 21.3% or \$18.6M above what was realized for the corresponding quarter in 2017 and was driven mainly by increased cement thru-put across the port in addition to increased baggage and container handling income generated from the home-porting cruise vessels.

Operating costs this period amounted to \$74.2M and was up from \$41.1M during the corresponding three-month period in 2017; this movement in costs is related to a \$23.6M exchange loss on US Dollar investments. The reduction in net profits to \$24.45M for the quarter was \$15.8M below the corresponding period last year. This result yielded earnings per share (EPS) of \$0.07 for the quarter which was down from \$0.11 for the corresponding three months in 2017.

The volume of containerized cargo passing over the port annually over the last two years has remained fairly consistent at just over 22,000 TEU's. This consistency is undeniably buoyed by the hospitality trade and now takes into account the provisioning of the Cruise Lines that regularly use Montego Bay as their preferred home-port. The Port of Montego Bay has once again won the coveted World Travel Awards for the Caribbean's Leading Home Port in 2018.

We are aware of the significance of the role we play in support of local industries and recognize that as a stevedoring company, Cargo Handlers is increasingly becoming integrated within the global supply chain. We are grateful to our management and staff who remains committed to ensuring the company's continued success.

Cargo Handlers Limited

Statement of Comprehensive Income

3 months ending December 31, 2018

	3 months to Dec 2018	3 months to Dec 2017
	\$	\$
Revenue	104,866,869	86,569,253
Cost of sales	(3,301,382)	-
Gross profit	101,565,487	86,569,253
Exchange gain	861,972	543,786
Administrative expenses	(9,795,326)	(5,398,357)
Other operating expenses	(64,439,373)	(35,748,432)
Operating Profit	28,192,761	45,966,250
Interest Income	337,241	469,993
Finance costs	(531,302)	(336,038)
Profit before Taxation	27,998,700	46,100,205
Taxation	(3,540,489)	(5,762,858)
Net Profit, being Total Comprehensive Income for period	24,458,211	40,337,347
Earnings Per Share (EPS)	0.07	0.11

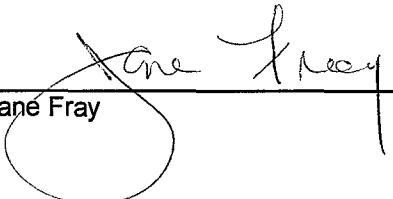
Cargo Handlers Limited

Statement of Financial Position


3 months ending December 31, 2018

	Unaudited Dec 2018 \$	Unaudited Dec 2017 \$	Audited Sept 2018
Non-Current Assets			
Property, plant & equipment	74,502,403	60,357,841	77,525,880
Related Companies	42,612,874	28,861,883	7,281,114
	117,115,277	89,219,724	84,806,994
Current Assets			
Receivables	94,178,066	81,384,396	76,134,889
Taxation recoverable	668,603	668,603	668,603
Cash	321,145,751	272,450,556	351,761,985
	415,992,420	354,503,555	428,565,477
Current Liabilities			
Payables	20,917,873	16,516,134	31,470,127
Income tax payable	7,908,653	5,757,849	9,179,882
Borrowings	30,097	907,161	1,340,215
	28,856,623	23,181,145	41,990,224
Net Current Assets/(Liabilities)	<u>387,135,797</u>	<u>331,322,410</u>	<u>386,575,253</u>
	<u>504,251,074</u>	<u>420,542,134</u>	<u>471,382,247</u>
Shareholders' Equity			
Share capital	43,175,494	43,175,494	43,175,494
Capital reserve	172,311	172,311	172,311
Retained earnings	404,611,076	347,051,656	380,152,865
	447,958,881	390,399,461	423,500,670
Non-Current Liability			
Related Companies	50,487,421	27,287,166	42,076,805
Deferred tax liability	5,804,772	2,855,506	5,804,772
	56,292,193	30,142,672	47,881,577
	<u>504,251,074</u>	<u>420,542,134</u>	<u>471,382,247</u>

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



 Jane Fray



 Theresa Chin

Cargo Handlers Limited

Statement of Changes in Equity

3 months ending December 31, 2018

	Number of Stock Units	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
Balance at 30 September 2017	37,465,830	43,175,494	172,311	306,714,308	350,062,113
Net profit, being total comprehensive income for the period	-	-	-	40,337,348	40,337,348
Transactions with owners:	-	-	-	-	-
Shares issued	337,192,470	-	-	-	-
Balance at 31 December 2017	374,658,300	43,175,494	172,311	347,051,656	390,399,461
Balance at 30 September 2018	37,465,830	43,175,494	172,311	380,152,865	423,500,670
Net profit, being total comprehensive income for the period	-	-	-	24,458,211	24,458,211
Transactions with owners:	-	-	-	-	-
Shares issued	337,192,470	-	-	-	-
Balance at 31 December 2018	374,658,300	43,175,494	172,311	404,611,076	447,958,881

Cargo Handlers Limited

Statement of Cash Flows

3 months ending December 31, 2018

	Dec 2018	Dec 2017
	\$	\$
Cash Flows from Operating Activities		
Net Profit	24,458,211	40,337,348
Items not affecting cash:		
Unrealised exchange (gain)/loss	18,802,066	9,518,197
Depreciation	3,391,936	2,390,513
Bad debt written off	-	12,000
Interest income	(337,241)	(469,993)
Interest expense	531,302	336,038
Taxation	3,540,489	5,762,858
	<u>50,386,763</u>	<u>57,886,960</u>
Changes in operating assets and liabilities:		
Receivables	(21,117,053)	(15,978,957)
Payables	(10,552,253)	(6,821,761)
Cash (used in)/provided by operating activities	18,717,457	35,086,242
Tax withheld at source	(5,464)	(5,009)
Income tax paid	(4,806,255)	(3,905,199)
Net cash (used in)/provided by operating activities	<u>13,905,738</u>	<u>31,176,034</u>
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(368,459)	(42,050)
Interest received	337,241	469,993
Cash provided by investing activities	<u>(31,218)</u>	<u>427,943</u>
Cash Flows from Financing Activities		
Related Companies	(26,921,145)	(4,174,512)
Interest paid	(531,302)	(336,038)
Cash provided by financing activities	<u>(27,452,447)</u>	<u>(4,510,550)</u>
(Decrease)/Increase in net cash and cash equivalents	(13,577,926)	27,093,428
Effect of exchange rate on net cash and cash equivalents	(15,728,190)	(7,953,352)
Cash and cash equivalents at beginning of year	350,421,770	252,403,319
Cash and cash equivalents for period ending Dec 31	<u><u>321,115,654</u></u>	<u><u>271,543,395</u></u>

Cargo Handlers Limited

Selected Notes to the Financial Statements Period Ending 30 December 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 December 31, 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, 2018

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 31 December 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	4,862,529	1.1682
Nigel O. Coke	3,526,102	0.8471
Mayberry Investments Ltd. Pension Scheme	3,429,920	0.8240
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