



2nd Quarter
Financial Statements

March 31, 2019

Cargo Handlers Limited

Selected Notes to the Financial Statements
Period Ending 31 March 2019

Management Discussions and Analysis

We are pleased to share the results of our performance for the second quarter ending March 31, 2019 wherein revenue amounting to \$111.45M was achieved. This was 10% or \$10.07M above what was realized for the corresponding quarter in 2018. This increase is mainly attributed to baggage handling and provisioning activities associated with home-porting cruise vessels resulting in a 6.74% (\$9.5M) improvement this period. Operating expenses this quarter amounted to \$58.49M which was \$7M above the corresponding three-month period in 2018; this movement in costs was a direct result of additional manning in relation to the increased activities and a one-off restructuring cost.

Net Profits increased by 8.78% to \$49.65M this quarter when compared to the corresponding period last year; this result yielded earnings per share (EPS) of \$0.13 and was up 8.33% compared to the corresponding three months in 2018. The Port of Montego Bay's cargo through-put continues to be sustained by the activities of the hospitality and retail sectors in Western Jamaica. The growth of the local industry is also being fuelled by a steady flow of building materials supporting the construction of additional hotel rooms along the North Coast.

Industry-wide consolidation of cargo vessels will continue to affect supply-chain operations globally wherein we will see more vessel-sharing agreements between carriers as was seen a few months ago with two shipping lines opting to share one vessel into Montego Bay. This leads to greater efficiencies for both the Company and the carriers involved. However, we do not anticipate any major merger in 2019 although it is likely a full merger between carriers could take place in the near future. Additionally, the port is on target to complete improvement of its existing infrastructure with completion of the berth extension and build-out project, as well as an injection of new equipment by mid-year.

At the end of the quarter, the home-porting cruise lines wrapped up another successful season of operational activities utilizing Montego Bay as their hub. Cargo Handlers Limited received a commendation for our stevedores' professional approach to the execution of their duties throughout the recently concluded cruise home-porting season.

We wish to also extend our appreciation to all our staff for their responsiveness to meeting the demands of another challenging season. Cargo Handlers Limited proudly continues its support of local charities through CUMI and Women Inc., who are committed to improving the social well-being of the less fortunate in our community.

Cargo Handlers Limited

Statement of Comprehensive Income

6 months ending March 31, 2019

	3 months to Mar 2019	3 months to Mar 2018	6 months to Mar 2019	6 months to Mar 2018
	\$	\$		
Revenue	111,452,441	101,388,983	216,319,310	187,958,236
Cost of sales	(4,900,266)	-	(8,201,647)	-
Gross profit	106,552,176	101,388,983	208,117,663	187,958,236
Exchange Gain/(Loss)	8,523,450	1,768,511	(15,170,349)	2,312,297
Other income	400,000	-	400,000	-
Administrative expenses	(6,328,327)	(7,067,242)	(16,123,653)	(12,465,599)
Other operating expenses	(52,162,070)	(44,367,926)	(92,045,672)	(80,116,358)
Operating Profit	56,985,229	51,722,325	85,177,990	97,688,576
Interest Income	400,421	388,537	737,661	858,530
Finance costs	(550,126)	(560,551)	(1,081,427)	(896,589)
Profit before Taxation	56,835,524	51,550,311	84,834,224	97,650,517
Taxation	(7,180,236)	(5,905,124)	(10,720,725)	(11,667,981)
Net Profit, being Total Comprehensive Income for period	49,655,288	45,645,188	74,113,499	85,982,536
Earnings Per Share (EPS)	0.13	0.12	0.20	0.23

Cargo Handlers Limited

Statement of Financial Position
6 months ending March 31, 2019

	Unaudited Mar 2019 \$	Unaudited Mar 2018 \$	Audited Sept 2018
Non-Current Assets			
Property, plant & equipment	71,108,394	63,925,866	77,525,880
Related Companies	22,718,555	11,394,609	7,281,114
	93,826,949	75,320,475	84,806,994
Current Assets			
Receivables	115,744,814	76,465,726	76,134,889
Taxation recoverable	668,603	668,603	668,603
Cash	341,365,656	317,596,525	351,761,985
	457,779,073	394,730,854	428,565,477
Current Liabilities			
Payables	21,153,175	19,297,385	31,470,127
Income tax payable	4,810,563	6,847,827	9,179,882
Borrowings	79,891	5,583,662	1,340,215
	26,043,629	31,728,874	41,990,224
Net Current Assets/(Liabilities)	431,735,444	363,001,980	386,575,253
	525,562,393	438,322,455	471,382,247
Shareholders' Equity			
Share capital	43,175,494	43,175,495	43,175,494
Capital reserve	172,311	172,311	172,311
Retained earnings	409,307,368	349,611,139	380,152,865
	452,655,173	392,958,945	423,500,670
Non-Current Liability			
Related Companies	67,102,448	42,508,004	42,076,805
Deferred tax liability	5,804,772	2,855,506	5,804,772
	72,907,220	45,363,510	47,881,577
	525,562,393	438,322,455	471,382,247

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

Mark Hart

William Craig

Cargo Handlers Limited

Statement of Changes in Equity
6 months ending March 31, 2019

	Number of Stock Units	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
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	-	-	-	85,982,536	85,982,536
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(43,085,705)	(43,085,705)
Balance at 31 March 2018	374,658,300	43,175,494	172,311	349,611,139	392,958,944
Balance at 30 September 2018	374,658,300	43,175,494	172,311	380,152,865	423,500,670
Net profit, being total comprehensive income for the period	-	-	-	74,113,499	74,113,499
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(44,958,996)	(44,958,996)
Balance at 31 March 2019	374,658,300	43,175,494	172,311	409,307,368	452,655,173

Cargo Handlers Limited

Statement of Cash Flows

6 months ending March 31, 2019

	Mar 2019 \$	Mar 2018 \$
Cash Flows from Operating Activities		
Net Profit	74,113,499	85,982,536
Items not affecting cash:		
Unrealised exchange (gain)/loss	29,653,124	9,950,617
Depreciation	6,785,945	4,984,534
Bad debt written off	-	12,000
Interest income	(737,661)	(858,530)
Interest expense	1,081,427	896,589
Taxation	10,720,725	11,667,981
	<u>121,617,059</u>	<u>112,635,727</u>
Changes in operating assets and liabilities:		
Receivables	(44,498,620)	(11,060,157)
Bad debts recovered	(400,000)	-
Payables	(10,316,952)	(4,040,510)
Cash (used in)/provided by operating activities	<u>66,401,487</u>	<u>97,535,060</u>
Tax withheld at source	(10,499)	(13,898)
Income tax paid	(15,079,545)	(8,711,455)
Net cash (used in)/provided by operating activities	<u>51,311,443</u>	<u>88,809,707</u>
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(368,459)	(6,204,097)
Interest received	<u>737,661</u>	<u>858,530</u>
Cash provided by investing activities	<u>369,203</u>	<u>(5,345,567)</u>
Cash Flows from Financing Activities		
Related Companies	9,588,202	28,513,601
Interest paid	(1,081,427)	(896,589)
Dividends	(44,958,996)	(43,085,705)
Cash provided by financing activities	<u>(36,452,221)</u>	<u>(15,468,693)</u>
(Decrease)/Increase in net cash and cash equivalents	15,228,424	67,995,447
Effect of exchange rate on net cash and cash equivalents	(24,364,429)	(8,385,902)
Cash and cash equivalents at beginning of year	<u>350,421,770</u>	<u>252,403,319</u>
Cash and cash equivalents for period ending Mar 31	<u><u>341,285,765</u></u>	<u><u>312,012,864</u></u>

Cargo Handlers Limited

Selected Notes to the Financial Statements Period Ending 31 March 2019

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 31 March 2019 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.



TOP TEN (10) STOCKHOLDERS

As at 31 March 2019

<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	4,799,427	1.1530
Nigel O. Coke	3,543,515	0.8513
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