

# **CARGO** Handlers Ltd.

## 3<sup>rd</sup> Quarter Financial Statements

June 30, 2019

# Cargo Handlers Limited

Selected Notes to the Financial Statements  
Period Ending 30 June 2019

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## Management Discussions and Analysis

We are pleased to share the results of our performance for the quarter ending June 30, 2019 which saw activities being impacted by fewer cruise vessel calls during the period. Cargo vessel related activities however, particularly bulk cement and container handling activities, remained relatively stable. Resulting revenues amounting to \$79.53M were 13.7% or \$12.61M below the corresponding quarter in 2018; cruise vessels home-porting this period fell by approximately 58% when compared to the corresponding period last year as a result of one vessel's discontinuation after having regular visits last year.

Total expenses for the period were held to 6.3% or \$2.8M above the corresponding quarter last year and were in relation to marginal increases in Financial Charges, Depreciation and Salary related expenses. The foregoing resulted in Net Profit of \$32.7M before tax which was \$15M below the same period last year thus yielding Earnings per Share (EPS) of \$0.08 being \$0.03 less than the corresponding period in 2018.

Western Jamaica's burgeoning construction sector is showing no signs of relenting with major infrastructure projects to include the expansion of the airport, attraction development and hotel construction simultaneously occurring. It is anticipated that the additional hotel rooms coming on stream, particularly inside the Parish of Trelawny, will serve to boost the hospitality industry's demand for goods and services which is expected to positively influence activities at the Port of Montego Bay through increased cargo movement; these activities coincide with the GOJ's recent completion of additional multi-purpose berthing facilities in Montego Bay that seeks to improve efficiencies in cargo vessels' berthing prospects and turnaround times .

We are strategically poised to take advantage of the opportunities that may arise and especially those that will add value to our existing business segments; our previously established equipment leasing and logistics management segments support this approach and now account for approximately 10% of total revenues.

# Cargo Handlers Limited

Statement of Comprehensive Income

9 months ending June 30, 2019

	3 months to Jun 2019	3 months to Jun 2018	9 months to Jun 2019	9 months to Jun 2018
	\$	\$		
<b>Revenue</b>	79,534,714	92,151,647	295,854,024	280,109,883
Cost of sales	-	-	(8,201,647)	-
<b>Gross profit</b>	79,534,714	92,151,647	287,652,377	280,109,883
Exchange Gain/(Loss)	362,786	70,403	(14,807,563)	3,597,009
Other income	200,000	-	600,000	-
Administrative expenses	(6,551,269)	(4,589,238)	(22,674,922)	(17,054,836)
Other operating expenses	(40,338,338)	(39,497,296)	(132,384,010)	(119,613,654)
<b>Operating Profit</b>	33,207,892	48,135,517	118,385,882	147,038,402
Interest Income	235,015	112,099	972,676	970,629
Finance costs	(744,213)	(501,961)	(1,825,640)	(1,398,550)
<b>Profit before Taxation</b>	32,698,694	47,745,655	117,532,917	146,610,482
Taxation	(4,408,166)	(7,159,872)	(15,128,891)	(18,827,853)
<b>Net Profit, being Total Comprehensive Income for period</b>	28,290,528	40,585,783	102,404,027	127,782,628
<b>Earnings Per Share (EPS)</b>	<b>0.08</b>	<b>0.11</b>	<b>0.27</b>	<b>0.34</b>


# Cargo Handlers Limited

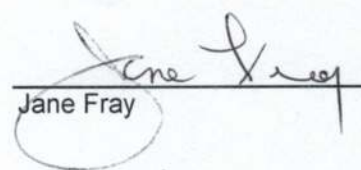
Statement of Financial Position

9 months ending June 30, 2019

	Unaudited Jun 2019 \$	Unaudited Jun 2018 \$	Audited Sept 2018
<b>Non-Current Assets</b>			
Property, plant & equipment	67,746,601	66,268,900	77,525,880
Related Companies	22,780,642	6,465,625	7,281,114
	90,527,243	72,734,525	84,806,994
<b>Current Assets</b>			
Receivables	129,473,060	91,877,455	76,134,889
Taxation recoverable	668,603	668,603	668,603
Cash	340,249,513	322,724,758	351,761,985
	470,391,175	415,270,816	428,565,477
<b>Current Liabilities</b>			
Payables	23,227,039	16,332,941	31,470,127
Income tax payable	3,313,822	9,166,445	9,179,882
Borrowings	1,105,331	-	1,340,215
	27,646,192	25,499,386	41,990,224
<b>Net Current Assets/(Liabilities)</b>	<u>442,744,984</u>	<u>389,771,430</u>	<u>386,575,253</u>
	<u>533,272,226</u>	<u>462,505,954</u>	<u>471,382,247</u>
<b>Shareholders' Equity</b>			
Share capital	43,175,494	43,175,494	43,175,494
Capital reserve	172,311	172,311	172,311
Retained earnings	437,597,896	391,411,231	380,152,865
	480,945,701	434,759,036	423,500,670
<b>Non-Current Liability</b>			
Related Companies	46,521,753	24,891,412	42,076,805
Deferred tax liability	5,804,772	2,855,506	5,804,772
	52,326,525	27,746,918	47,881,577
	<u>533,272,226</u>	<u>462,505,954</u>	<u>471,382,247</u>

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

  
Mark Hart

  
Jane Fray

## Cargo Handlers Limited

Statement of Changes in Equity  
9 months ending June 30, 2019

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	Number of Stock Units	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 30 September 2017</b>	<b>374,658,300</b>	<b>43,175,494</b>	<b>172,311</b>	<b>306,714,308</b>	<b>350,062,113</b>
Net profit, being total comprehensive income for the period	-	-	-	127,782,628	127,782,628
<b>Transactions with owners:</b>	-	-	-	-	-
Dividends paid	-	-	-	(43,085,705)	(43,085,705)
<b>Balance at 30 June 2018</b>	<b>374,658,300</b>	<b>43,175,494</b>	<b>172,311</b>	<b>391,411,231</b>	<b>434,759,036</b>
<b>Balance at 30 September 2018</b>	<b>374,658,300</b>	<b>43,175,494</b>	<b>172,311</b>	<b>380,152,865</b>	<b>423,500,670</b>
Net profit, being total comprehensive income for the period	-	-	-	102,404,027	102,404,027
<b>Transactions with owners:</b>	-	-	-	-	-
Dividends paid	-	-	-	(44,958,996)	(44,958,996)
<b>Balance at 30 June 2019</b>	<b>374,658,300</b>	<b>43,175,494</b>	<b>172,311</b>	<b>437,597,896</b>	<b>480,945,701</b>

# Cargo Handlers Limited

Statement of Cash Flows

9 months ending June 30, 2019

	Jun 2019	Jun 2018
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Net Profit	102,404,027	127,782,628
Items not affecting cash:		
Unrealised exchange (gain)/loss	10,424,811	395,993
Depreciation	10,176,181	7,730,080
Write off of fixed assets	35,397	-
Bad debt written off	-	12,000
Interest income	(972,676)	(970,629)
Interest expense	1,825,640	1,398,550
Taxation	15,128,891	18,827,854
	<u>139,022,271</u>	<u>155,176,475</u>
Changes in operating assets and liabilities:		
Receivables	(54,662,310)	(24,976,225)
Bad debts recovered	(600,000)	(7,004,954)
Payables	(8,243,088)	-
Cash (used in)/provided by operating activities	75,516,873	123,195,296
Tax withheld at source	(15,745)	(18,898)
Income tax paid	(20,979,207)	(13,547,710)
Net cash (used in)/provided by operating activities	<u>54,521,921</u>	<u>109,628,688</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant & equipment	(432,298)	(11,292,676)
Interest received	972,676	970,629
Cash provided by investing activities	<u>540,378</u>	<u>(10,322,047)</u>
<b>Cash Flows from Financing Activities</b>		
Related Companies	(11,054,579)	15,825,992
Interest paid	(1,825,640)	(1,398,550)
Dividends	(44,958,996)	(43,085,705)
Cash provided by financing activities	<u>(57,839,216)</u>	<u>(28,658,263)</u>
(Decrease)/Increase in net cash and cash equivalents	(2,776,917)	70,648,378
Effect of exchange rate on net cash and cash equivalents	(8,500,672)	(326,938)
Cash and cash equivalents at beginning of year	<u>350,421,771</u>	<u>252,403,319</u>
<b>Cash and cash equivalents for period ending Jun 30</b>	<u><u>339,144,182</u></u>	<u><u>322,724,758</u></u>

# Cargo Handlers Limited

## Selected Notes to the Financial Statements Period Ending 30 June 2019

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### 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 30 June 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.

# CARGO Handlers Ltd.

## TOP TEN (10) STOCKHOLDERS

As at 30 June 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	4,691,506	1.1271
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
William Craig	Director	Connected party holding	337,930	0.0812
Andrew McCarthy	Director	Self	0.00	0.00
John Byles	Director	Self	0.00	0.00

<b>Key Member Holdings</b>	<b>224,544,960</b>	<b>53.94</b>
<b>Connected Party Holdings</b>	<b>6,217,150</b>	<b>1.49</b>
<b>Combined Holdings</b>	<b>230,762,110</b>	<b>55.43</b>

### Senior Managers

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