

# **CARGO** Handlers Ltd.

4<sup>th</sup> Quarter  
Financial Statements

September 30, 2019

## Management Discussions and Analysis

We are pleased to share the results of our performance for the fourth Qtr ended September 30, 2019. Operating revenue amounting to \$70.6M was achieved, which was \$5.03M (6.6%) less than the corresponding period last year due mainly to the absence of Cruise Line home-porting operations in Montego Bay during this period. All other stevedoring activities remained consistent with the results achieved in the corresponding period last year. Cement cargo through-put continued to record growth during the period while container volumes remained static in the corresponding quarter last year.

Operating costs for the quarter amounted to \$47.8M, a decrease of \$2.8M (5.6%) below last year. The Company's net profit was \$24.9M before tax with earnings per share (EPS) of \$0.06 for the period. This compares to a profit of \$45.2M and EPS of \$0.10 for the corresponding period last year. This reduction of net profit was materially caused by the Exchange Gain differences recorded between the comparative periods, FY18/19 \$2.48M vs. FY17/18 \$20.38M. We expect these extraordinary exchange fluctuations that affected our US denominated assets to correct over time.

During the quarter under review, Cargo Handlers Limited made an investment in additional equipment of new petroleum tankers and rigid tank-trucks to support our logistics business with Bulk Liquid Carriers Petroleum Transport (BLCPT). This procurement of new equipment will also positively impact CHL's revenue derived from Lease Income and fulfill commitments to modernize our fleet for BLCPT contracted partners.

We now look forward to the approaching Winter Season, and anticipate a strong performance with cruise ship arrivals, home-porting vessels, and increased containerized cargo. Our management and dedicated team of Stevedores are prepared to meet any and all challenges and remain committed to providing the highest levels of service to all our stakeholders. We would like to thank our shareholders for their continued confidence in the company as we look forward to exceeding your expectations in the year ahead.

# Cargo Handlers Limited

Statement of Comprehensive Income

12 months ending September 30, 2019

	3 months to Sep 2019	3 months to Sep 2018	Unaudited 12 months to Sep 2019	Audited 12 months to Sep 2018
	\$	\$		
<b>Revenue</b>	70,590,596	75,628,291	366,444,620	355,738,173
Cost of sales	-	-	(8,201,647)	-
<b>Gross profit</b>	70,590,596	75,628,291	358,242,973	355,738,174
Exchange Gain/(Loss)	12,296,986	20,381,307	(2,510,576)	20,507,294
Other income	-	-	600,000	-
Administrative expenses	(8,380,756)	(4,796,185)	(31,055,678)	(21,851,021)
Other operating expenses	(39,448,018)	(45,888,114)	(171,832,027)	(162,030,748)
<b>Operating Profit</b>	35,058,808	45,325,298	153,444,691	192,363,699
Interest Income	294,915	278,531	1,267,591	1,249,160
Finance costs	(643,806)	(351,466)	(2,469,447)	(1,750,015)
<b>Profit before Taxation</b>	34,709,917	45,252,363	152,242,835	191,862,844
Taxation	(3,634,404)	(7,805,150)	(18,763,295)	(26,633,003)
<b>Net Profit, being Total Comprehensive Income for period</b>	31,075,513	37,447,213	133,479,540	165,229,841
<b>Earnings Per Share (EPS)</b>	<b>0.08</b>	<b>0.10</b>	<b>0.36</b>	<b>0.44</b>

# Cargo Handlers Limited

Statement of Financial Position

12 months ending September 30, 2019

	Unaudited Sep 2019 \$	Unaudited Sep 2018 \$	Audited Sept 2018
<b>Non-Current Assets</b>			
Property, plant & equipment	64,404,374	77,525,880	77,525,880
Related Companies	12,832,557	7,281,114	7,281,114
	<u>77,236,931</u>	<u>84,806,994</u>	<u>84,806,994</u>
<b>Current Assets</b>			
Receivables	127,946,270	76,134,889	76,134,889
Taxation recoverable	668,603	668,603	668,603
Cash	339,369,664	351,761,985	351,761,985
	<u>467,984,537</u>	<u>428,565,477</u>	<u>428,565,477</u>
<b>Current Liabilities</b>			
Payables	26,854,031	31,470,127	31,470,127
Income tax payable	1,042,975	9,179,882	9,179,882
Borrowings	32,025	1,340,215	1,340,215
	<u>27,929,031</u>	<u>41,990,224</u>	<u>41,990,224</u>
<b>Net Current Assets/(Liabilities)</b>	<u>440,055,506</u>	<u>386,575,253</u>	<u>386,575,253</u>
	<u>517,292,437</u>	<u>471,382,247</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	423,714,413	380,152,865	380,152,865
	<u>467,062,218</u>	<u>423,500,670</u>	<u>423,500,670</u>
<b>Non-Current Liability</b>			
Related Companies	44,425,447	42,076,805	42,076,805
Deferred tax liability	5,804,772	5,804,772	5,804,772
	<u>50,230,219</u>	<u>47,881,577</u>	<u>47,881,577</u>
	<u>517,292,437</u>	<u>471,382,247</u>	<u>471,382,247</u>

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

  
Andrew McCarthy

  
Theresa Chin

## Cargo Handlers Limited

Statement of Changes in Equity

12 months ending September 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	-	-	-	165,229,841	165,229,841
<b>Transactions with owners:</b>	-	-	-	-	-
Dividends paid	-	-	-	(91,791,284)	(91,791,284)
<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>
<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	-	-	-	133,479,540	133,479,540
<b>Transactions with owners:</b>	-	-	-	-	-
Dividends paid	-	-	-	(89,917,992)	(89,917,992)
<b>Balance at 30 September 2019</b>	<b>374,658,300</b>	<b>43,175,494</b>	<b>172,311</b>	<b>423,714,413</b>	<b>467,062,218</b>

# Cargo Handlers Limited

Statement of Cash Flows

12 months ending September 30, 2019

	Unaudited Sep 2019 \$	Audited Sep 2018 \$
<b>Cash Flows from Operating Activities</b>		
Net Profit	133,479,540	165,229,841
Items not affecting cash:		
Unrealised exchange (gain)/loss	969,853	(12,535,799)
Depreciation	13,518,407	11,273,099
Write off of fixed assets	35,397	-
Bad debt written off	-	12,000
Interest income	(1,267,591)	(1,249,160)
Interest expense	2,469,447	1,750,015
Taxation	18,763,295	26,633,003
	<u>167,968,347</u>	<u>191,112,999</u>
Changes in operating assets and liabilities:		
Receivables	(51,346,468)	(7,237,118)
Recovery of Bad Debts	(600,000)	
Payables	(4,616,096)	8,037,514
Cash (used in)/provided by operating activities	111,405,783	191,913,395
Tax withheld at source	(21,334)	(25,090)
Income tax paid	(26,878,869)	(18,383,965)
Net cash (used in)/provided by operating activities	<u>84,505,580</u>	<u>173,504,340</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant & equipment	(432,298)	(26,092,676)
Interest received	1,267,591	1,249,160
Cash provided by investing activities	<u>835,293</u>	<u>(24,843,516)</u>
<b>Cash Flows from Financing Activities</b>		
Related Companies	(3,202,801)	32,195,896
Interest paid	(2,469,447)	(1,750,015)
Dividends	(89,917,992)	(91,791,284)
Cash provided by financing activities	<u>(95,590,240)</u>	<u>(61,345,403)</u>
(Decrease)/Increase in net cash and cash equivalents	(10,249,366)	87,315,421
Effect of exchange rate on net cash and cash equivalents	(834,766)	10,703,030
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 Sep 30</b>	<u><u>339,337,639</u></u>	<u><u>350,421,770</u></u>

# Cargo Handlers Limited

## Selected Notes to the Financial Statements Period Ending 30 September 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 September 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 September 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	4,382,326	1.0528
Nigel O. Coke	3,703,215	0.8897
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
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