

# **CARGO** Handlers Ltd.

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

September 30, 2020

# Cargo Handlers Limited

Selected Notes to the Financial Statements  
Period Ending 30 September 2020

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## Management Discussions and Analysis

We are pleased to share the results of our performance for the quarter ending September 30, 2020 where revenues amounting to \$54.3M was achieved and was 23% below the result for the corresponding period in 2019. The result this period is attributed to a 33% decline in containerized cargo handled as domestic commercial activities, particularly within the hospitality sector, continues to be negatively influenced by the COVID-19 pandemic.

Operating expenses for the quarter was reduced to \$31.65M and was 20% below the corresponding period last year; this is indicative of the reduction in manning throughout the period consistent with the less than optimal containerized loads presently being carried on the vessels. Resulting net profit for the quarter was \$22.8M before tax and was 34% below the corresponding period's result. These results yielded Earnings per Share (EPS) of \$0.05 being \$0.03 less than the corresponding period in 2019.

Our expectations are that the current flow of bulk and containerized cargoes as well as our equipment leasing segment will continue to drive revenues for at least the ensuing three quarters; this as home-porting cruise ships are not expected to return to pre-Covid-19 levels before the end of calendar year 2021 based on global economic outlook. Despite the slowdown of the tourism sector, infrastructure upgrading is in the works for Montego Bay's airport and the GOJ's recently announced hotel construction projects slated for the North Coast are anticipated to still go forward. These projects will serve to boost activities across the port over the near to medium term.

On behalf of the Board of Directors, we would like to sincerely thank our staff and shareholders for their contribution over the past 3-month period. It is anticipated that the year ahead will be just as challenging as 2020 has been so far in the face of the global pandemic; we however remain committed to our support of the charitable causes that we feel continue to uplift the lives of the less fortunate in our community.

# Cargo Handlers Limited

Statement of Comprehensive Income

12 months ending September 30, 2020

	3 months to Sep 2020 \$	3 months to Sep 2019 \$	12 months to Sep 2020	12 months to Sep 2019
<b>Revenue</b>	54,309,556	70,590,596	283,457,270	366,444,620
Cost of sales	-	-	(5,740,026)	(8,201,647)
<b>Gross profit</b>	54,309,556	70,590,596	277,717,244	358,242,973
Exchange Gain/(Loss)	5,729,891	12,296,986	25,123,043	(2,510,576)
Other income	-	-	75,000	600,000
Administrative expenses	(5,501,197)	(8,380,756)	(25,151,489)	(31,055,678)
Other operating expenses	(31,657,001)	(39,448,018)	(146,583,935)	(171,832,027)
<b>Operating Profit</b>	22,881,250	35,058,808	131,179,863	153,444,691
Interest Income	289,298	294,915	1,197,930	1,267,591
Finance costs	(335,566)	(643,806)	(1,829,162)	(2,469,447)
<b>Profit before Taxation</b>	22,834,981	34,709,917	130,548,631	152,242,835
Taxation	(3,047,672)	(6,254,100)	(17,214,832)	(21,382,991)
<b>Net Profit, being Total Comprehensive Income for period</b>	19,787,309	28,455,817	113,333,799	130,859,844
<b>Earnings Per Share (EPS)</b>	<b>0.05</b>	<b>0.08</b>	<b>0.30</b>	<b>0.35</b>

# Cargo Handlers Limited

Statement of Financial Position

12 months ending September 30, 2020

	Unaudited Sep 2020 \$	Unaudited Sep 2019 \$	Audited Sept 2019
<b>Non-Current Assets</b>			
Property, plant & equipment	163,629,972	64,404,375	64,404,375
Related Companies	10,150,885	12,832,557	12,832,557
	173,780,857	77,236,932	77,236,932
<b>Current Assets</b>			
Receivables	60,922,197	127,946,271	127,946,271
Taxation recoverable	668,603	668,603	668,603
Cash	336,145,811	339,369,664	339,369,664
	397,736,611	467,984,538	467,984,538
<b>Current Liabilities</b>			
Payables	23,540,466	26,854,031	26,854,031
Income tax payable	1,902,353	4,086,157	4,086,157
Borrowings	-	32,025	32,025
	25,442,819	30,972,213	30,972,213
<b>Net Current Assets/(Liabilities)</b>	372,293,792	437,012,325	437,012,325
	546,074,649	514,249,257	514,249,257
<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	470,736,606	421,094,719	421,094,719
	514,084,411	464,442,524	464,442,524
<b>Non-Current Liability</b>			
Related Companies	26,608,952	44,425,447	44,425,447
Deferred tax liability	5,381,286	5,381,286	5,381,286
	31,990,238	49,806,733	49,806,733
	546,074,649	514,249,257	514,249,257

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

  
Mark Hart

  
William Craig

## Cargo Handlers Limited

Statement of Changes in Equity

12 months ending September 30, 2020

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	Number of Stock Units	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 30 September 2018</b>	<b>37,465,830</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	-	-	-	130,859,845	130,859,845
<b>Transactions with owners:</b>	<b>337,192,470</b>	-	-	-	-
Dividends paid	-	-	-	(89,917,991)	(89,917,991)
<b>Balance at 30 September 2019</b>	<b>374,658,300</b>	<b>43,175,494</b>	<b>172,311</b>	<b>421,094,719</b>	<b>464,442,524</b>
Net profit, being total comprehensive income for the period	-	-	-	113,333,799	113,333,799
<b>Transactions with owners:</b>	-	-	-	-	-
Shares	-	-	-	-	-
Dividends paid	-	-	-	(63,691,911)	(63,691,911)
<b>Balance at 30 Sept 2020</b>	<b>374,658,300</b>	<b>43,175,494</b>	<b>172,311</b>	<b>470,736,606</b>	<b>514,084,411</b>

# Cargo Handlers Limited

Statement of Cash Flows

12 months ending September 30, 2020

	Unaudited Sep 2020 \$	Audited Sep 2019 \$
<b>Cash Flows from Operating Activities</b>		
Net Profit	113,333,799	130,859,845
Items not affecting cash:		
Unrealised exchange (gain)/loss	(21,586,670)	(9,500,673)
Depreciation	18,157,023	13,518,407
Write off of property, plant and equipment	-	35,396
Interest income	(1,197,930)	(1,267,591)
Interest expense	1,829,162	2,469,447
Taxation	17,214,832	21,382,991
	<u>127,750,216</u>	<u>157,497,822</u>
Changes in operating assets and liabilities:		
Receivables	69,544,129	(50,178,235)
Payables	(3,291,175)	(4,516,096)
Cash (used in)/provided by operating activities	194,003,170	102,803,491
Tax withheld at source	(22,390)	(21,334)
Income tax paid	(19,398,635)	(26,878,868)
Net cash (used in)/provided by operating activities	<u>174,582,145</u>	<u>75,903,289</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant & equipment	(117,382,621)	(432,298)
Interest received	1,197,930	1,267,591
Cash provided by investing activities	<u>(116,184,691)</u>	<u>835,293</u>
<b>Cash Flows from Financing Activities</b>		
Related Companies	(15,134,823)	(3,202,801)
Interest paid	(1,829,162)	(2,469,447)
Dividends	(63,691,911)	(89,917,991)
Cash provided by financing activities	<u>(80,655,896)</u>	<u>(95,590,239)</u>
(Decrease)/Increase in net cash and cash equivalents	(22,258,443)	(18,851,657)
Effect of exchange rate on net cash and cash equivalents	19,066,615	7,767,526
Cash and cash equivalents at beginning of year	339,337,639	350,421,770
<b>Cash and cash equivalents for period ending Sep 30</b>	<u><u>336,145,811</u></u>	<u><u>339,337,639</u></u>

# Cargo Handlers Limited

## Selected Notes to the Financial Statements Period Ending 30 September 2020

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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 2020 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, 2019

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 2020

<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
Theresa Chin	7,600,220	1.8259
Mayberry Managed Clients Accounts	4,234,568	1.0173
Nigel O. Coke	3,716,086	0.8928
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

## 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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