

CARGO Handlers Ltd.

1st Quarter Financial Statements

December 31, 2020

Cargo Handlers Limited

Selected Notes to the Financial Statements
Period Ending 31 December 2020

Management Discussions and Analysis

We are pleased to share the results of our performance for the first quarter ending December 31, 2020 where revenue amounting to \$82.48M was achieved. This result was 6.5% or \$5.8M below what was achieved for the corresponding 3-month period in 2019 as containerized cargo volumes continue to be negatively influenced by the effects of the global pandemic. Furthermore, there were no cruise homeport activities during the quarter with a timeline for the resumption of cruise vessel sailings remaining elusive so far.

Stevedoring income generated by our handling of bulk cement showed significant improvement this period when compared to the corresponding quarter that, to a large extent, made up for the absence of cruise related revenue. Both residential and non-residential construction projects across the island continue to drive this subsector with the Planning Institute of Jamaica reporting growth during the July to September 2020 quarter.

Operating and administrative expenses for the quarter amounted to \$44.74M which was marginally down from the \$45.21M that was recorded for corresponding quarter in 2019. Resulting net profit before tax was \$37.74M and was down 8.2% or \$3.36M when compared to the corresponding three months last year. This result yielded earnings per share (EPS) of \$0.07 for the quarter, this being \$0.03 below what was realized for the corresponding period.

We cautiously approach the new calendar year undaunted by the challenges created by a pandemic that continues to foreshadow our short to medium-term plans. We are confident in the ability of the team we have at Cargo Handlers to safely navigate our way through these challenges while actively pursuing emerging opportunities that complements our core business and adds value for our shareholders.

Cargo Handlers Limited

Statement of Comprehensive Income

3 months ending December 31, 2020

| | 3 months to Dec 2020 | 3 months to Dec 2019 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| Revenue | 81,711,670 | 87,108,509 |
| Cost of sales | - | (1,704,448) |
| Gross profit | 81,711,670 | 85,404,061 |
| Exchange Gain/(Loss) | 595,768 | 1,099,696 |
| Other income | 173,568 | 75,000 |
| Administrative expenses | (6,187,404) | (6,471,241) |
| Other operating expenses | (38,560,643) | (38,743,594) |
| Operating Profit | 37,732,958 | 41,363,922 |
| Interest Income | 326,119 | 271,684 |
| Finance costs | (314,140) | (522,655) |
| Profit before Taxation | 37,744,938 | 41,112,951 |
| Taxation | (9,886,993) | (5,201,924) |
| Net Profit, being Total Comprehensive Income for period | 27,857,945 | 35,911,028 |
| Earnings Per Share (EPS) | 0.07 | 0.10 |

Cargo Handlers Limited

Statement of Financial Position

3 months ending December 31, 2020

| | Unaudited Dec 2020 \$ | Unaudited Dec 2019 \$ | Audited Sept 2020 |
|---|-----------------------------|-----------------------------|----------------------|
| Non-Current Assets | | | |
| Property, plant & equipment | 154,353,450 | 61,096,222 | 163,629,973 |
| Related Companies | 24,335,976 | 24,149,938 | 10,150,885 |
| Investments | 104,249,302 | - | - |
| | 282,938,728 | 85,246,160 | 173,780,858 |
| Current Assets | | | |
| Receivables | 72,414,350 | 133,596,442 | 60,922,197 |
| Taxation recoverable | 668,603 | 668,603 | 668,603 |
| Cash | 234,728,316 | 335,690,230 | 336,145,811 |
| | 307,811,269 | 469,955,276 | 397,736,611 |
| Current Liabilities | | | |
| Payables | 16,323,980 | 15,383,957 | 23,540,466 |
| Income tax payable | 7,322,849 | 4,050,831 | 2,073,349 |
| Borrowings | - | 109,889 | - |
| | 23,646,829 | 19,544,677 | 25,613,815 |
| Net Current Assets/(Liabilities) | 284,164,440 | 450,410,599 | 372,122,796 |
| | 567,103,168 | 535,656,759 | 545,903,654 |
| Shareholders' Equity | | | |
| Share capital | 43,175,494 | 43,175,494 | 43,175,494 |
| Capital reserve | 172,311 | 172,311 | 172,311 |
| Retained earnings | 492,900,732 | 457,005,747 | 465,042,787 |
| | 536,248,537 | 500,353,552 | 508,390,592 |
| Non-Current Liability | | | |
| Related Companies | 19,950,522 | 29,921,921 | 26,608,953 |
| Deferred tax liability | 10,904,109 | 5,381,286 | 10,904,109 |
| | 30,854,631 | 35,303,207 | 37,513,062 |
| | 567,103,168 | 535,656,759 | 545,903,654 |

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


A. Mark Hart


William Craig

Cargo Handlers Limited

Statement of Changes in Equity

3 months ending December 31, 2020

| | Number of Stock Units | Share Capital \$ | Capital Reserve \$ | Retained Earnings \$ | Total \$ |
|---|--------------------------|------------------------|--------------------------|----------------------------|--------------------|
| Balance at 30 September 2019 | 37,465,830 | 43,175,494 | 172,311 | 421,094,719 | 464,442,524 |
| Net profit, being total comprehensive income for the period | - | - | - | 35,911,028 | 35,911,028 |
| Transactions with owners: | - | - | - | - | - |
| Balance at 31 December 2019 | 37,465,830 | 43,175,494 | 172,311 | 457,005,747 | 500,353,552 |
| Balance at 30 September 2020 | 37,465,830 | 43,175,494 | 172,311 | 465,042,787 | 508,390,592 |
| Net profit, being total comprehensive income for the period | - | - | - | 27,857,945 | 27,857,945 |
| Transactions with owners: | - | - | - | - | - |
| Balance at 31 December 2020 | 37,465,830 | 43,175,494 | 172,311 | 492,900,732 | 536,248,537 |

Cargo Handlers Limited

Statement of Cash Flows

3 months ending December 31, 2020

| | Dec 2020 | Dec 2019 |
|--|---------------------------|---------------------------|
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Net Profit | 27,857,945 | 35,911,028 |
| Items not affecting cash: | | |
| Unrealised exchange (gain)/loss | 602,585 | 9,764,258 |
| Depreciation | 6,006,386 | 3,308,152 |
| Write off of fixed assets | 2,843,703 | - |
| Loss/(gain) on disposal of property, plant and equipment | (173,568) | - |
| Interest income | (326,119) | (271,684) |
| Interest expense | 314,140 | 522,655 |
| Taxation | 9,886,993 | 5,201,924 |
| | <u>47,012,065</u> | <u>54,436,332</u> |
| Changes in operating assets and liabilities: | | |
| Receivables | (11,567,974) | (7,004,193) |
| Payables | (7,216,486) | (11,470,074) |
| Cash (used in)/provided by operating activities | 28,227,605 | 35,962,066 |
| Tax withheld at source | (6,850) | (5,302) |
| Income tax paid | (4,630,640) | (5,231,947) |
| Net cash (used in)/provided by operating activities | <u>23,590,115</u> | <u>30,724,816</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from sale/disposal of property, plant & equipment | 600,000 | - |
| Investments | (104,249,302) | - |
| Interest received | 326,119 | 271,684 |
| Cash provided by investing activities | <u>(103,323,183)</u> | <u>271,684</u> |
| Cash Flows from Financing Activities | | |
| Related Companies | (20,843,522) | (25,820,907) |
| Interest paid | (314,140) | (522,655) |
| Cash provided by financing activities | <u>(21,157,662)</u> | <u>(26,343,562)</u> |
| (Decrease)/Increase in net cash and cash equivalents | (100,890,730) | 4,652,938 |
| Effect of exchange rate on net cash and cash equivalents | (526,765) | (8,410,236) |
| Cash and cash equivalents at beginning of year | 336,145,811 | 339,337,639 |
| Cash and cash equivalents for period ending Dec 31 | <u><u>234,728,316</u></u> | <u><u>335,580,341</u></u> |

Cargo Handlers Limited

Selected Notes to the Financial Statements Period Ending 31 December 2020

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 December 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, 2020

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 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 | 4,176,097 | 1.0033 |
| Nigel O. Coke | 3,801,086 | 0.9132 |
| 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 |
| | | Key Member Holdings | 224,544,960 | 53.94 |
| | | Connected Party Holdings | 6,217,150 | 1.49 |
| | | Combined Holdings | 230,762,110 | 55.43 |

Senior Managers

| | |
|--------------|-----------|
| Theresa Chin | 7,600,220 |
|--------------|-----------|