

CARGO Handlers Ltd.

3rd Quarter Financial Statements

June 30, 2022

Cargo Handlers Limited

Selected Notes to the Financial Statements
Period Ending 30 June 2022

Management Discussions and Analysis

We are pleased to share the results of our performance for the quarter ending June 30, 2022 where revenue totaling \$126.59M was achieved and represents an increase of 19% or \$20.59M above what was achieved during the corresponding period in 2021. The increase in revenue this period is attributable in part to improving containerized cargo numbers post-lockdown in addition to the seasonal return of home-porting cruise vessel traffic into Montego Bay relative to the prior year. It is worthwhile to highlight that deliveries of liquefied natural gas (LNG) via ISO containers have served to boost through-put and is positively influencing stevedoring revenue.

Operating Expenses for the quarter to June 30, 2022 amounted to \$50.69M, an increase of 9% or \$4M over the corresponding quarter which was consistent with the additional stevedoring activities that we have continued to experience over the 3-month period. Income derived from Cargo Handlers' share of associate's profit for the quarter amounted to \$25.8M and improved resulting Net Profit to \$96.16M before tax; this result was \$27.5% or \$20.73M above the corresponding quarter's result in the prior year. These results yielded earnings per share of \$0.21 for the quarter and represented a \$0.06 increase in share value when compared to the corresponding period in 2021.

External factors continue to pose a threat to the local economy, in particular the conflict between Russia and Ukraine and the negative impact it is having on global commodity prices. We are mindful of the effect of these factors on global trade and despite the challenges we remain confident that the industry within which we operate, will be able to withstand and adjust to the associated shocks. While local demand continues to drive the majority of our cargo handling activities, we are cautiously optimistic that we will see a continuation of this into the ensuing two quarters providing there is no escalation of the aforementioned conflict and geopolitical tensions in Asia are kept in check.

The commitment of our team members continue to fuel our optimism that in spite of the uncertainties that are evident globally, Cargo Handlers Limited will continue to be responsive to the needs of our clientele in the context of an ever changing globalized environment. We remain focused on ensuring that we continue to pursue opportunities that will add value to our existing portfolio for the benefit of all our stakeholders.

Cargo Handlers Limited

Statement of Comprehensive Income

9 months ending June 30, 2022

	3 months to Jun 2022	3 months to Jun 2021	9 months to Jun 2022	9 months to Jun 2021
	\$	\$		
Revenue	126,596,497	106,054,150	353,669,751	254,860,725
Cost of sales	-	-	-	-
Gross profit	126,596,497	106,054,150	353,669,751	254,860,725
Exchange Gain/(Loss)	1,056,408	6,205,884	17,236,211	12,530,180
Other income	-	-	(4,616)	2,061,019
Administrative expenses	(6,535,237)	(4,443,194)	(21,772,982)	(17,754,825)
Other operating expenses	(50,667,161)	(46,497,290)	(143,268,980)	(113,693,428)
Operating Profit	70,450,506	61,319,549	205,859,383	138,003,672
Interest Income	362,447	481,028	2,073,222	1,294,459
Finance costs	(481,745)	(362,170)	(972,274)	(939,677)
Share of profit of associates	25,829,350	13,956,347	38,498,490	20,203,276
Profit before Taxation	96,160,558	75,394,753	245,458,821	158,561,730
Taxation	(18,266,922)	(21,011,817)	(53,678,323)	(40,858,379)
Net Profit, being Total Comprehensive Income for period	77,893,637	54,382,937	191,780,498	117,703,351
Earnings Per Share (EPS)	0.21	0.15	0.51	0.31

Cargo Handlers Limited

Statement of Financial Position
9 months ending June 30, 2022

	Unaudited Jun 2022 \$	Unaudited Jun 2021 \$	Audited Sept 2021
Non-Current Assets			
Property, plant & equipment	120,730,650	144,339,853	138,162,262
Related Companies	45,573,363	30,379,565	29,301,766
Investment in associate	172,246,345	125,353,614	133,747,855
Investment JMMB	262,500,000	-	-
	<u>601,050,358</u>	<u>300,073,032</u>	<u>301,211,883</u>
Current Assets			
Receivables	65,635,008	75,654,589	37,123,624
Taxation recoverable	278,182	668,603	237,318
Cash	163,593,626	295,964,479	351,727,951
	<u>229,506,816</u>	<u>372,287,671</u>	<u>389,088,893</u>
Current Liabilities			
Payables	17,529,801	23,026,787	32,852,312
Income tax payable	31,231,114	25,608,726	28,225,437
Borrowings	3,099	44,465	5,364
	<u>48,764,015</u>	<u>48,679,978</u>	<u>61,083,113</u>
Net Current Assets/(Liabilities)	<u>180,742,801</u>	<u>323,607,694</u>	<u>328,005,780</u>
	<u>781,793,159</u>	<u>623,680,726</u>	<u>629,217,663</u>
Shareholders' Equity			
Share capital	43,175,494	43,175,494	43,175,494
Capital reserve	172,311	172,311	172,311
Retained earnings	696,534,776	549,026,893	549,713,274
	<u>739,882,581</u>	<u>592,374,698</u>	<u>593,061,079</u>
Non-Current Liability			
Related Companies	31,006,469	20,401,919	25,252,475
Deferred tax liability	10,904,109	10,904,109	10,904,109
	<u>41,910,578</u>	<u>31,306,028</u>	<u>36,156,584</u>
	<u>781,793,159</u>	<u>623,680,726</u>	<u>629,217,663</u>

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

A. Mark Hart

John Byles

Cargo Handlers Limited

Statement of Changes in Equity
9 months ending June 30, 2022

	Number of Stock Units	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
Balance at 30 September 2020	374,658,300	43,175,494	172,311	465,042,788	508,390,593
Net profit, being total comprehensive income for the period	-	-	-	117,703,351	117,703,351
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(33,719,247)	(33,719,247)
Balance at 31 June 2021	374,658,300	43,175,494	172,311	549,026,893	592,374,698
Balance at 30 September 2021	374,658,300	43,175,494	172,311	549,713,274	593,061,079
Net profit, being total comprehensive income for the period	-	-	-	191,780,498	191,780,498
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(44,958,996)	(44,958,996)
Balance at 30 June 2022	374,658,300	43,175,494	172,311	696,534,776	739,882,581

Cargo Handlers Limited

Statement of Cash Flows

9 months ending June 30, 2022

	Jun 2022	Jun 2021
	\$	\$
Cash Flows from Operating Activities		
Net Profit	191,780,498	117,703,351
Items not affecting cash:		
Unrealised exchange (gain)/loss	(7,297,831)	(9,230,345)
Depreciation	17,126,995	17,488,328
Write off of fixed assets	-	2,843,703
Loss/(gain) on disposal of property, plant and equipment	4,616	(2,061,019)
Interest income	(2,073,222)	(1,294,459)
Share of profit of associate	(38,498,490)	(20,203,276)
Interest expense	972,274	939,677
Taxation	53,678,323	40,858,379
	<u>215,693,163</u>	<u>147,044,339</u>
Changes in operating assets and liabilities:		
Receivables	(27,583,969)	(13,557,600)
Payables	(15,322,511)	(513,679)
Cash (used in)/provided by operating activities	172,786,684	132,973,060
Tax withheld at source	(10,931)	409,258
Income tax paid	(50,702,578)	(17,732,260)
Net cash (used in)/provided by operating activities	<u>122,073,174</u>	<u>115,650,058</u>
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	-	(2,480,892)
Proceeds from sale/disposal of property, plant & equipment	300,000	3,500,000
Investments in associate	-	(105,150,338)
Investment JMMB	(262,500,000)	-
Interest received	2,073,222	1,294,459
Cash provided by investing activities	<u>(260,126,778)</u>	<u>(102,836,771)</u>
Cash Flows from Financing Activities		
Related Companies	(10,517,603)	(26,435,713)
Interest paid	(972,274)	(939,677)
Dividends	(44,958,996)	(33,719,247)
Cash provided by financing activities	<u>(56,448,874)</u>	<u>(61,094,637)</u>
(Decrease)/Increase in net cash and cash equivalents	(194,502,477)	(48,281,349)
Effect of exchange rate on net cash and cash equivalents	6,370,416	8,055,552
Cash and cash equivalents at beginning of year	351,722,587	336,145,811
Cash and cash equivalents for period ending Jun 30	<u><u>163,590,526</u></u>	<u><u>295,920,014</u></u>

Cargo Handlers Limited

Selected Notes to the Financial Statements Period Ending 30 June 2022

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 2022 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, 2021

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.

5. Investment in Associates

	2022	2021
Buying House Cement Limited		
Unquoted shares – at cost	\$105,150,338	\$105,150,338
Share of profits	<u>67,096,007</u>	<u>20,203,276</u>
	<u>\$172,246,345</u>	<u>\$125,353,614</u>

CARGO Handlers Ltd.

TOP TEN (10) STOCKHOLDERS

As at 30 June 2022

<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	6,548,260	1.5732
Nigel O. Coke	5,460,662	1.3119
Mayberry Investments Ltd. Pension Scheme	3,429,920	0.8240
JMMB Securities Ltd. House Account # 2	3,066,670	0.7367
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	6,548,260	1.5732
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	6,548,260
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