

CARGO Handlers Ltd.

3rd Quarter Financial Statements

June 30, 2023

CARGO Handlers Ltd.

Selected Notes to the Financial Statements
Period Ending 30 June 2023

Management Discussions and Analysis

We are pleased to share the results of our performance for the quarter ending June 30, 2023 where we achieved revenues totalling \$106.66M, which was 15.7% or \$19.93M below the results of the corresponding period in 2022. This result is attributable in part to a 21% reduction in containerized cargo throughput, consequent to the suspension LNG deliveries via ISO containers as well as the absence of cruise homeporting activities this period, relative to the prior year.

Operating expenses for the quarter amounted to \$56.94M, which represented an increase of 12% over the corresponding three months. This result was due to improvements to staff wages and benefits taking effect during this period. Income derived from Cargo Handlers' share of associate's profit for the quarter was \$25.15M and contributed to net profit of \$74.27M before tax; this result being \$21.9M below the \$96.16M realized for the corresponding quarter. Earnings per share decreased to \$0.17 for the 3-month period, from \$0.21 in the corresponding quarter in 2022.

Local economic activities are positively influencing Cargo Handlers' revenue streams. Our equipment rental and associated fuel logistics management segments, reflected significant improvement relative to the corresponding period last year as operational activities return to pre-pandemic levels. Over the near-term, our renewal of key pieces of petroleum tankers and haulage units, will further improve income derived from our lease arrangement with affiliate Bulk Liquid Carriers through increased efficiencies and extended fleet serviceability.

We continue to monitor those threats that present hazards to the shipping industry and could still further challenge the supply chain. Inflation remains a concern coupled with geopolitical instabilities among some of the world's major economies, which continues to weigh heavily on global commodity prices and trade. Notwithstanding, there are encouraging indicators coming out of the industry we operate in, with increased cruise vessel calls being forecasted for Montego Bay. We anticipate that the various infrastructure projects and commercial developments underway inside western Jamaica will also continue to buoy activities across the port and positively influence cargo flows.

Cargo Handlers is committed to the partnerships we have forged within our local community over the years and will continue to support the causes that affect people's lives in a positive way.

Cargo Handlers Limited

Statement of Comprehensive Income

9 months ending June 30, 2023

	3 months to Jun 2023	3 months to Jun 2022	9 months to Jun 2023	9 months to Jun 2022
	\$	\$		
Revenue	106,668,240	126,596,497	394,607,813	353,669,751
Cost of sales	-	-	(2,579,881)	-
Gross profit	106,668,240	126,596,497	392,027,932	353,669,751
Exchange Gain/(Loss)	1,128,772	1,056,408	3,685,011	17,236,211
Other income	1,190,967	-	8,680,909	(4,616)
Administrative expenses	(7,683,904)	(6,535,247)	(24,051,269)	(21,772,992)
Other operating expenses	(56,944,795)	(50,667,161)	(174,146,388)	(143,268,980)
Operating Profit	44,359,280	70,450,497	206,196,195	205,859,373
Interest Income	5,673,450	362,447	11,467,060	2,073,222
Finance costs	(908,277)	(481,745)	(1,826,039)	(972,274)
Share of profit of associates	25,154,913	25,829,350	55,859,651	38,498,490
Profit before Taxation	74,279,366	96,160,548	271,696,866	245,458,811
Taxation	(10,900,059)	(18,266,922)	(57,410,012)	(53,678,323)
Net Profit, being Total Comprehensive Income for period	63,379,307	77,893,627	214,286,854	191,780,488
Earnings Per Share (EPS)	0.17	0.21	0.57	0.51

Cargo Handlers Limited

Statement of Financial Position

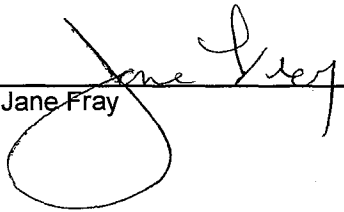
9 months ending June 30, 2023

	Unaudited Jun 2023 \$	Unaudited Jun 2022 \$	Audited Sept 2022
Non-Current Assets			
Property, plant & equipment	113,205,031	120,730,650	114,835,616
Related Companies	27,562,751	45,573,363	2,911,467
Investment in associate	247,084,532	172,246,345	191,224,882
	<u>387,852,315</u>	<u>338,550,358</u>	<u>308,971,965</u>
Current Assets			
Receivables	97,892,718	65,635,008	66,157,384
Taxation recoverable	272,986	278,182	267,251
Short-term deposits	437,073,978	262,500,000	426,214,140
Cash	122,939,414	163,593,626	82,478,233
	<u>658,179,095</u>	<u>492,006,816</u>	<u>575,117,008</u>
Current Liabilities			
Payables	25,861,630	17,529,801	27,136,243
Income tax payable	6,478,958	31,231,114	14,034,543
Borrowings	28,728	3,109	-
	<u>32,369,316</u>	<u>48,764,025</u>	<u>41,170,786</u>
Net Current Assets/(Liabilities)	<u>625,809,779</u>	<u>443,242,791</u>	<u>533,946,222</u>
	<u>1,013,662,093</u>	<u>781,793,149</u>	<u>842,918,187</u>
Shareholders' Equity			
Share capital	43,175,494	43,175,494	43,175,494
Capital reserve	172,311	172,311	172,311
Retained earnings	901,429,271	696,534,766	745,214,454
	<u>944,777,076</u>	<u>739,882,571</u>	<u>788,562,259</u>
Non-Current Liability			
Related Companies	43,912,872	31,006,469	43,451,819
Borrowings	14,068,036	-	-
Deferred tax liability	10,904,109	10,904,109	10,904,109
	<u>68,885,017</u>	<u>41,910,578</u>	<u>54,355,928</u>
	<u>1,013,662,093</u>	<u>781,793,149</u>	<u>842,918,187</u>

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



Andrew McCarthy



Jane Fray

Cargo Handlers Limited

Statement of Changes in Equity
9 months ending June 30., 2023

	Number of Stock Units	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
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	-	-	-	191,780,488	191,780,488
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(44,958,996)	(44,958,996)
Balance at 30 June 2022	374,658,300	43,175,494	172,311	696,534,766	739,882,571
Balance at 30 September 2022	374,658,300	43,175,494	172,311	745,214,454	788,562,259
Net profit, being total comprehensive income for the period	-	-	-	214,286,854	214,286,854
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(58,072,037)	(58,072,037)
Balance at 30 June 2023	374,658,300	43,175,494	172,311	901,429,271	944,777,076

Cargo Handlers Limited

Statement of Cash Flows

9 months ending June 30, 2023

	Jun 2023	Jun 2022
	\$	\$
Cash Flows from Operating Activities		
Net Profit	214,286,854	191,780,488
Items not affecting cash:		
Unrealised exchange (gain)/loss	(2,857,429)	(7,297,831)
Depreciation	17,629,209	17,126,995
Loss/(gain) on disposal of property, plant and equipment	(8,609,031)	4,616
Interest income	(11,467,060)	(2,073,222)
Share of profit of associate	(55,859,651)	(38,498,490)
Interest expense	1,826,039	972,274
Taxation	57,410,012	53,678,323
	<u>212,358,944</u>	<u>215,693,154</u>
Changes in operating assets and liabilities:		
Receivables	(30,785,765)	(27,583,969)
Payables	(1,274,613)	(15,322,511)
Cash (used in)/provided by operating activities	180,298,566	172,786,674
Tax withheld at source	(5,734)	(10,931)
Income tax paid	(64,965,597)	(50,702,578)
Net cash (used in)/provided by operating activities	<u>115,327,235</u>	<u>122,073,164</u>
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(16,589,593)	-
Proceeds from sale/disposal of property, plant & equipment	9,200,000	300,000
Investments in associate	-	-
Short-term deposits	(10,859,838)	(262,500,000)
Interest received	11,467,060	2,073,222
Cash provided by investing activities	<u>(6,782,371)</u>	<u>(260,126,778)</u>
Cash Flows from Financing Activities		
Related Companies	(24,190,230)	(10,517,603)
Interest paid	(1,826,039)	(972,274)
Long-term loan - JMMB	14,068,036	-
Dividends	(58,072,037)	(44,958,996)
Cash provided by financing activities	<u>(70,020,271)</u>	<u>(56,448,874)</u>
(Decrease)/Increase in net cash and cash equivalents	38,524,593	(194,502,487)
Effect of exchange rate on net cash and cash equivalents	1,907,860	6,370,416
Cash and cash equivalents at beginning of year	82,478,233	351,722,587
Cash and cash equivalents for period ending Jun 30	<u><u>122,910,686</u></u>	<u><u>163,590,516</u></u>

CARGO Handlers Ltd.

Selected Notes to the Financial Statements
Period Ending 30 June 2023

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 2023 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, 2022

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. 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.

4. Investment in Associates

	2023	2022
Buying House Cement Limited		
Unquoted shares – at cost	\$105,150,338	\$105,150,338
Share of profits	<u>141,934,194</u>	<u>41,266,657</u>
	<u>\$247,084,532</u>	<u>\$146,416,995</u>

5. Borrowings

In February 2023, the Company obtained a loan from JMMB for J\$14,700,000 to purchase a motor vehicle. The loan is over 10 years and is repayable in 120 monthly payments of J\$172,686.44. Interest is payable at the fixed rate of 7% per annum. The loan is secured by the motor vehicle and assignment of insurance over it.

TOP TEN (10) STOCKHOLDERS

As at 30 June 2023

<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	5,623,611	1.3510
Jamaica Money Market Brokers ltd	3,959,993	0.9513
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	1.4124
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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