

CARGO Handlers Ltd.

4th Quarter Financial Statements

September 30, 2023

CARGO Handlers Ltd.

Selected Notes to the Financial Statements
Period Ending 30 September 2023

Management Discussions and Analysis

On behalf of the Board of Cargo Handlers Limited, we are very pleased to share the results of our performance for the quarter ending September 30, 2023. The Company achieved revenues totaling \$120.17M, which represented a marginal 1.2% increase above the \$118.67M from the corresponding period in 2022. The suspension of containerized LNG imports into Montego Bay earlier in the year negatively affected our performance for the quarter relative to the corresponding 3-month period in the prior year. Conversely, revenue generated from increases in dry bulk cargo throughput served to offset the absence of containerized LNG activity. There was also a marked improvement in our equipment rental activities this period, which contributed positively to our financial results.

Operating expenses in this period were \$82.65M and reflected a \$30.62M or 58.8% increase when compared to the corresponding quarter's result. This result included the retroactive wage implementation in August 2023, of a new labour agreement for our stevedores for the 2022-2024 contract period. Cargo Handlers Limited's share of profits from associates for the quarter improved to \$32.72M and was 72% above the corresponding period's result. EBIT profit was \$74.59M and was \$17.39M or 18.9% below the \$91.98M realized for the corresponding quarter. These results yielded \$0.16 in Earnings per Share (EPS) for the period which was \$0.10 below the \$0.26 realized for the corresponding period last year.

Activities within the hospitality and construction sectors continue to generate demand that drives both containerized and bulk cargo traffic across the port. We expect this trend to continue into the near future as the island's tourism sector is expected to maintain strong visitor arrivals in tandem with the execution of new-build hotel and residential projects. Construction of the sorely needed and highly anticipated Montego Bay perimeter road has now begun, which will ease transportation congestion when it is completed and support further developments in the years ahead. Although the outlook for international shipping remains mixed, the expectation from industry insiders is that the container-shipping segment will shortly be grappling with excess vessel capacity on the major trade routes. The expectation is that this development will favor shippers as freight rates should trend downwards, which will help to reduce inflationary pressures.

At Cargo Handlers, we are always committed to improving workplace safety and our stevedores recently undertook a safety workshop held at the beginning of the year. We are undaunted by the challenges that lie ahead and look forward to building on the foundations already laid. We would like to thank all our stakeholders and our shareholders for their continued support as we look forward to working towards building a stronger economy for all Jamaicans.

Cargo Handlers Limited

Statement of Comprehensive Income
12 months ending September 30, 2023

	3 months to Sep 2023	3 months to Sep 2022	12 months to Sep 2023	12 months to Sep 2022
	\$	\$		
Revenue	120,175,720	118,670,139	514,783,532	472,339,890
Cost of sales	-	-	(2,579,881)	-
Gross profit	120,175,720	118,670,139	512,203,651	472,339,890
Exchange Gain/(Loss)	5,416,142	(812,813)	9,101,153	16,423,397
Other income	-	1,801,966	8,609,031	1,797,350
Administrative expenses	(7,161,559)	(6,357,327)	(31,134,106)	(27,275,319)
Other operating expenses	(82,650,130)	(52,038,645)	(256,803,363)	(196,162,625)
Operating Profit	35,780,172	61,263,321	241,976,367	267,122,694
Interest Income	13,353,948	12,112,021	24,821,008	14,185,243
Finance costs	(815,957)	(371,318)	(2,641,995)	(1,343,592)
Share of profit of associates	32,725,928	18,978,537	88,585,579	57,477,027
Profit before Taxation	81,044,091	91,982,561	352,740,958	337,441,372
Taxation	(15,125,184)	5,402,706	(72,535,196)	(48,275,618)
Net Profit, being Total Comprehensive Income for period	65,918,907	97,385,266	280,205,762	289,165,754
Earnings Per Share (EPS)	0.18	0.26	0.75	0.77

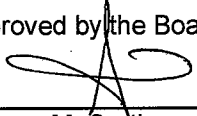
Cargo Handlers Limited


Statement of Financial Position

12 months ending September 30, 2023

	Unaudited Sep 2023 \$	Audited Sept 2022
Non-Current Assets		
Property, plant & equipment	107,593,302	114,835,616
Related Companies	16,765,910	2,911,467
Investment in associate	279,810,461	191,224,882
	404,169,673	308,971,965
Current Assets		
Receivables	87,761,915	66,157,384
Taxation recoverable	267,252	267,251
Short-term deposits	449,917,748	426,214,140
Cash	146,538,526	82,478,233
	684,485,441	575,117,008
Current Liabilities		
Payables	49,169,811	27,136,243
Income tax payable	1,258,689	14,034,543
Borrowings	-	-
	50,428,500	41,170,786
Net Current Assets/(Liabilities)	634,056,941	533,946,222
	<u>1,038,226,614</u>	<u>842,918,187</u>
Shareholders' Equity		
Share capital	43,175,494	43,175,494
Capital reserve	172,311	172,311
Retained earnings	909,276,140	745,214,454
	952,623,945	788,562,259
Non-Current Liability		
Related Companies	61,273,612	43,451,819
Borrowings	13,424,948	-
Deferred tax liability	10,904,109	10,904,109
	85,602,669	54,355,928
	<u>1,038,226,613</u>	<u>842,918,187</u>

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


Andrew McCarthy


William Craig

Cargo Handlers Limited

Statement of Changes in Equity

12 months ending September 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	-	-	-	289,165,755	289,165,755
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(93,664,575)	(93,664,575)
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	-	-	-	280,205,762	280,205,762
Transactions with owners:	-	-	-	-	-
Dividends paid	-	-	-	(116,144,076)	(116,144,076)
Balance at 30 September 2023	374,658,300	43,175,494	172,311	909,276,140	952,623,945

Cargo Handlers Limited

Statement of Cash Flows

12 months ending September 30, 2023

	Sep 2023	Sep 2022
	\$	\$
Cash Flows from Operating Activities		
Net Profit	280,205,762	289,165,755
Items not affecting cash:		
Unrealised exchange (gain)/loss	(3,781,284)	782,055
Depreciation	23,240,937	22,823,996
Provision for bad debts	-	(71,878)
Write off of property, plant and equipment	-	-
Gain on disposal of property, plant and equipment	(8,609,031)	(1,797,350)
Interest income	(24,821,008)	(14,185,243)
Share of profit of associate	(88,585,579)	(57,477,027)
Interest expense	2,641,995	1,343,592
Taxation	72,535,196	48,275,618
	<u>252,826,989</u>	<u>288,859,518</u>
Changes in operating assets and liabilities:		
Receivables	(20,286,034)	(29,873,986)
Payables	22,033,567	(5,671,150)
Cash (used in)/provided by operating activities	254,574,522	253,314,382
Tax withheld at source	(0)	(13,983)
Income tax paid	(85,311,049)	(62,482,462)
Net cash (used in)/provided by operating activities	<u>169,263,473</u>	<u>190,817,937</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	2,300,000
Short-term deposits	(23,703,609)	(414,560,523)
Interest received	24,821,008	3,075,399
Cash provided by investing activities	<u>(6,272,195)</u>	<u>(409,185,124)</u>
Cash Flows from Financing Activities		
Related Companies	3,967,350	44,589,643
Interest paid	(2,641,995)	(1,468,511)
Long-term loan - JMMB	13,424,948	-
Dividends	(116,144,075)	(93,664,575)
Cash provided by financing activities	<u>(101,393,772)</u>	<u>(50,543,443)</u>
(Decrease)/Increase in net cash and cash equivalents	61,597,506	(268,910,630)
Effect of exchange rate on net cash and cash equivalents	2,462,787	(333,724)
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>146,538,526</u></u>	<u><u>82,478,233</u></u>

CARGO Handlers Ltd.

Selected Notes to the Financial Statements Period Ending 30 September 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 September 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>174,660,123</u>	<u>86,074,544</u>
	<u>\$279,810,461</u>	<u>\$191,224,882</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 September 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	5,632,486	1.3531
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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