



**P A R A M O U N T**  
J a m a i c a

**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

FIRST QUARTER ENDED AUGUST 31, 2021



# PARAMOUNT Jamaica

## **Paramount Trading (Jamaica) Limited Report to Stockholders Three months ended August 31, 2021**

The Board of Directors is pleased to present the unaudited results of the Company for the three (3) months ended August 31, 2021.

The financial highlights are as follows:

**Revenue \$369.3 million; (2020: \$362.0 million)**

**Earnings per share of \$0.012; (2020: \$0.010)**

**Net Profit of \$18.9 million; (2020: \$15.2 million)**

**Book value of \$815.2 million, (2020: \$809.6 million)**

Despite the pandemic's adverse effect on the economy Paramount Trading (Jamaica) Limited ("Paramount" or "the Company") recorded improvements in revenue and profit over the same period in the prior year.

The Company's gross revenue for the first quarter was \$369.3 million, which showed a two percent improvement compared with the prior year's revenue of \$362.0 million. All revenue segments showed improvement except for the lubricant division which declined year on year.

Gross profit for the quarter of \$111.1 million reflected a five percent decline over the prior year's gross profit of \$116.3 million.

Other income for the first quarter was \$13.1 million, which was a one hundred and fifty-six percent improvement over the \$5.0 million earned last year.

Administration cost for the first quarter was \$89.8 million, literally the same as prior year's cost of \$89.3 million. Selling and distribution cost during the period of \$2.8 million reflected a sixty-one percent increase over prior year. Operating expenses of \$92.6 million was \$1.6 million more than the prior year, however we were able to maintain a comparative twenty-five percent expense to revenue ratio as in the prior year.

Finance cost for the third quarter of \$10.9 million was a favourable outcome to the \$13.1 million spent in the prior year. This was a seventeen percent improvement. We are benefitting from our loan restructuring, completed in the fourth quarter of the prior financial year.

Paramount's first quarter profit before taxes of \$21.6 million was twenty-four percent better than the results for the prior year. The earnings per share of \$0.012 compared favourably with the \$0.10 earned in the previous year.

The first quarter reflects the general improvement in the economy. Our slight improvement in our revenue, combined with the continued vigilance relating to expense monitoring, helped us to deliver a twenty-four percent improvement in our net profit.

Despite the issues associated with the pandemic, Paramount's first quarter should be viewed from a positive perspective as we experienced improvement in our revenue, gross profit and net profit over the prior year's first quarter's results.

We are maintaining our cost rationalization program as we continue to capitalise on revenue opportunities.

The Board of Directors, management team and staff have remained focused in the execution of the Company's strategic plans, despite the challenges brought upon us as a result of the pandemic.

We continue to express our thanks to our management team, team members, customers, shareholders and other stakeholders for their support and confidence in us.



Radcliff Knibbs  
Chairman

# **Paramount Trading (Jamaica) Limited**

**First Quarter ended August 31, 2021**

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**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**First Quarter ended August 31, 2021**

	<b>Notes</b>				
	<b><u>3 Months</u> <u>ended August</u> <u>31, 2021</u> <u>Unaudited</u></b>	<b><u>3 Months</u> <u>ended August</u> <u>31, 2020</u> <u>Unaudited</u></b>	<b><u>August 2021</u> <u>Year-to-date</u> <u>Unaudited</u></b>	<b><u>August 2020</u> <u>Year-to-date</u> <u>Unaudited</u></b>	<b><u>May 2021</u> <u>12 Months</u> <u>ended</u> <u>Audited</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	369,316,651	362,007,886	369,316,651	362,007,886	1,437,596,767
Direct Expenses	258,218,748	245,673,856	258,218,748	245,673,856	983,196,477
<b>Gross Profit</b>	<b>111,097,904</b>	<b>116,334,030</b>	<b>111,097,904</b>	<b>116,334,030</b>	<b>454,400,290</b>
Other Operating Income	13,137,292	5,054,751	13,137,292	5,054,751	22,682,058
	124,235,195	121,388,781	124,235,195	121,388,781	477,082,348
<b>Less Operating Expenses:</b>					
Administrative	89,820,305	89,335,795	89,820,305	89,335,795	355,137,380
Selling & Distribution	2,787,231	1,733,678	2,787,231	1,733,678	10,545,683
	92,607,536	91,069,473	92,607,536	91,069,473	365,683,063
<b>Operating Profit before Finance Costs</b>	<b>31,627,660</b>	<b>30,319,308</b>	<b>31,627,660</b>	<b>30,319,308</b>	<b>111,399,285</b>
Finance Income/(Costs)	(10,889,614)	(13,081,569)	(10,889,614)	(13,081,569)	(49,275,963)
Interest Income	890,319	109,498	890,319	109,498	3,794,536
Net Finance Income/(Costs)	(9,999,295)	(12,972,071)	(9,999,295)	(12,972,071)	(45,481,427)
<b>Profit Before Taxation</b>	<b>21,628,365</b>	<b>17,347,237</b>	<b>21,628,365</b>	<b>17,347,237</b>	<b>65,917,858</b>
Taxation	2,703,546	2,168,405	2,703,546	2,168,405	2,280,519
<b>Net profit for the year being total comprehensive income</b>	<b>18,924,820</b>	<b>15,178,832</b>	<b>18,924,820</b>	<b>15,178,832</b>	<b>63,637,339</b>
<b>Earning per Stock Unit</b>	<b>0.012</b>	<b>0.010</b>	<b>0.012</b>	<b>0.010</b>	<b>0.041</b>

**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT AUGUST 31, 2021**

	Notes	August 2021 Unaudited	August 2020 Unaudited	May 2021 Audited
		\$	\$	\$
<b>Non-Current Assets:</b>				
Property, plant & equipment		562,590,961	601,695,958	570,791,587
Right of Use Asset		71,710,816	80,963,824	74,024,068
Investments		173,456,328	137,746,654	170,236,157
<b>Current Assets:</b>				
Inventories		480,462,529	534,908,099	412,778,470
Taxation Recoverable		9,894,584	2,347,870	9,754,425
Receivables		344,638,623	292,076,563	322,887,811
Cash and cash equivalents		77,657,555	71,342,302	90,934,823
		912,653,292	900,674,835	836,355,529
<b>Current Liabilities</b>				
Payables		377,774,717	367,763,502	317,127,815
Taxation Payable		2,703,546	2,168,405	
Current portion of long term borrowings		38,656,319	35,690,977	38,656,319
Current portion of lease Liability		8,048,863	7,394,545	8,560,341
		427,183,444	413,017,429	364,344,475
<b>Net current assets</b>		485,469,847	487,657,406	472,011,054
<b>Total assets less current liabilities</b>		1,293,227,952	1,308,063,842	1,287,062,866
<b>Equity:</b>				
Issued capital		77,492,243	77,492,243	77,492,243
Retained earnings		737,759,953	732,075,308	718,835,133
		815,252,196	809,567,551	796,327,376
<b>Non-current liabilities:</b>				
Long term borrowings		383,627,238	113,331,034	399,817,837
Lease Liability		76,603,246	76,303,925	73,172,381
Preference Shares		0	291,221,733	0
Deferred Tax Liability		17,745,272	17,639,599	17,745,272
		477,975,756	498,496,291	490,735,490
<b>Total equity and non-current liabilities</b>		1,293,227,952	1,308,063,842	1,287,062,866

Approved and signed on behalf of the Board by:

Director

Director

# PARAMOUNT TRADING (JAMAICA) LIMITED

## STATEMENT OF CHANGES IN EQUITY

First quarter ended August 31, 2021

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balances at May 31, 2020</b>	77,492,243	716,896,476	794,388,719
Total comprehensive income	-	15,178,832	15,178,832
Dividends			
<b>Balances at August 31, 2020</b>	<u>77,492,243</u>	<u>732,075,308</u>	<u>809,567,551</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balances at May 31, 2021</b>	77,492,243	718,835,133	796,327,376
Total comprehensive income	-	18,924,820	18,924,820
Dividends			
<b>Balances at August 31, 2021</b>	<u>77,492,243</u>	<u>737,759,953</u>	<u>815,252,196</u>

**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF CASH FLOWS**  
**First Quarter ended August 31, 2021**

	<b>August 2021</b> <b>Unaudited</b>	<b>August 2020</b> <b>Unaudited</b>	<b>May 2021</b> <b>Audited</b>
	<b>\$</b>	<b>\$</b>	
<b>Cash flows from operating activities:</b>			
Net profit for the period	18,924,820	15,178,832	63,637,339
<b>Adjustments for:</b>			
Gain on disposal of Property, Plant & equipment	-	-	-
Depreciation	11,517,494	11,928,543	47,493,669
Depreciation-Right of Use	2,313,252	2,313,252	9,253,008
Provision for deferred taxes	0	0	105,673
Interest income	(890,319)	(109,498)	(3,794,536)
Interest expense	10,889,614	13,081,569	49,275,963
	42,754,860	42,392,698	165,971,116
<b>Changes in operating assets and Liabilities:</b>			
Inventories	(67,684,059)	148,655,813	270,785,442
Receivables	(21,750,812)	(21,902,145)	(52,713,392)
Payables	60,646,903	(147,260,659)	(197,896,344)
Taxation Recoverables	(140,160)	1,902,536	(5,504,020)
Taxation Payables	2,703,546	2,168,405	-
	(26,224,583)	(16,436,050)	14,671,686
Cash generated from operations	16,530,278	25,956,649	180,642,802
Interest received	890,319	109,498	3,794,536
Interest Paid	(10,889,614)	(13,081,569)	(49,275,963)
<b>Net cash provided by/(used in) operating activities</b>	<b>6,530,983</b>	<b>12,984,578</b>	<b>135,161,375</b>
<b>Cash flows from investing activities:</b>			
Purchase of Property, plant and equipment	(3,316,867)	(4,528,940)	(9,189,695)
Proceed from sale of Asset	-	-	-
Right of Use	-	-	-
<b>Net cash used in investing activities</b>	<b>(3,316,867)</b>	<b>(4,528,940)</b>	<b>(9,189,695)</b>
<b>Cash flows from financing activities:</b>			
Dividends Paid	-	-	(61,698,682)
Loans, net	(16,190,599)	(9,904,933)	(15,506,920)
Finance Lease	2,919,387	(1,866,651)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>(13,271,212)</b>	<b>(11,771,584)</b>	<b>(77,205,602)</b>
Net (decrease)/increase in cash resources	(10,057,097)	(3,315,947)	48,766,078
Cash resources at the beginning of the period	261,170,980	212,404,902	212,404,902
<b>Cash resources at the end of the period</b>	<b>251,113,883</b>	<b>209,088,956</b>	<b>261,170,980</b>
<b>Represented by:</b>			
Investments	173,456,328	137,746,654	170,236,157
Cash and cash equivalents	77,657,555	71,342,302	90,934,823
	251,113,883	209,088,956	261,170,980



# **Paramount Trading (Jamaica) Limited**

## **Notes to Interim Financial Statements**

**First Quarter ended August 31, 2021**

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### **1. IDENTIFICATION AND PRINCIPAL ACTIVITIES**

The Company operates in Jamaica and has its registered office at 39 Waltham Park Road, Kingston 13.

The principal activity of the Company is importation and distribution of chemical raw materials and other related products. The Company manufactures and distributes lubricants and is a distributor of the “SIKA” line of construction products. This line includes admixtures, adhesives and sealants with applications that range from the do-it-yourself to road construction.

Effective 31 December 2012, the Company’s shares were listed on the Junior Market of the Jamaica Stock Exchange.

### **2. BASIS OF PREPARATION**

These interim financial statements have been prepared in accordance with IAS 34, interim reporting and should be read in conjunction with the audited financial statements for the year ended May 31, 2021, which have been prepared in accordance with IFRS and comply with the Jamaican Companies Act.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these interim financial statements are consistent with those used in the audited financial statements for the year ended May 31, 2021.

#### **(a) Depreciation:**

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is calculated on the straight line basis at such rates that will write off the carrying value of the assets over the period of their estimated lives

#### **(b) Trade receivables**

Trade receivables are carried at anticipated realisable value. A provision is made for impairment of trade receivables when it is established that there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off against the allowance for trade receivables. Subsequent recoveries of amounts previously written off are credited to the profit and loss.

## **Paramount Trading (Jamaica) Limited**

### **Notes to Interim Financial Statements First Quarter ended August 31, 2021**

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#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(c) Inventories**

Inventories are stated at the lower of cost, determined consistently on the same bases, and net realizable value. The cost of finished goods and work-in-progress comprise raw and packaging materials, direct labour, other direct costs and a proportion of related production overheads. In the case of manufactured inventories, net realizable value is the estimated costs of completion and selling expenses.

##### **(d) Borrowing and borrowing costs**

Bank and borrowings are recognized initially at cost. Borrowings are subsequently stated at amortized cost, with any difference between cost and redemption value being recognized in the profit and loss over the period of the borrowing on an effective interest basis.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of these assets. Capitalization of such borrowing costs cease when the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit and loss in the period in which they are incurred.

#### **4. TAXATION**

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 31, 2012. Consequently, the Company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5	100%
Years 6 to 10	50%

#### **5. EARNINGS PER STOCK UNIT**

Earnings per stock unit are calculated by dividing the profit for the period by the weighted average number of shares in issue for the period.

## **Paramount Trading (Jamaica) Limited**

### **Notes to interim Financial Statements**

**First Quarter ended August 31, 2021**

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#### **6. SHARE CAPITAL**

	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>Authorised:</b>		
1,620,000,000 (1,620,000,000)		
Ordinary shares of no par value		
<b><u>Issued and fully paid</u></b>		
<b>1,542,467,080 (1,542,467,080)</b>	<b>77,492,243</b>	<b>77,492,243</b>
<b>shares</b>		

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**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR  
OFFICERS' INTERESTS  
AUGUST 31, 2021**

**Top 10 Stockholders**

Hugh Graham  
Radcliff Knibbs  
Anna Maria Graham  
Barita Unit Trust  
  
Vaughn Phang  
Ursus Corporation Limited  
Jason Carl Carby  
G.I. Enterprises Limited  
James Lechler  
Lannaman & Morris (Shipping) Ltd

<b>Number of Shares Held</b>	
	1,233,966,840
	83,560,404
	63,749,360
	22,287,564
	13,242,904
	12,541,170
	6,498,740
	4,920,000
	4,896,662
	4,208,000

**Directors and Senior Officers**

Hugh Graham  
  
  
Sharon Donaldson  
Radcliff Knibbs  
James Lechler  
Richard Rogers  
Anna Maria Graham  
Metry Seaga  
Jacqueline Somers  
Daniel Chin  
Vaughn Phang  
Maxine Hutchinson  
Junior Levine  
Thausha Martin

<b>Number of Shares Held</b>	
	1,233,966,840
	1,410,000
	83,560,404
	4,896,662
	420,120
	63,749,360
	0
	0
	0
	13,242,904
	0
	0
	0