



P A R A M O U N T
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PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

SECOND QUARTER ENDED NOVEMBER 30, 2021



PARAMOUNT Jamaica

Paramount Trading (Jamaica) Limited Report to Stockholders Six months ended November 30, 2021

The Board of Directors is pleased to present the unaudited results of the Company for the six (6) months ended November 30, 2021.

The financial highlights are as follows:

Revenue \$770.5 million; (2020: \$668.6 million)

Earnings per share of \$0.031; (2020: \$0.013)

Net Profit of \$47.5 million; (2020: \$19.7 million)

Book value of \$843.8 million, (2020: \$814.1 million)

Gross revenue for the second quarter was \$401.2 million, representing a 31 percent increase compared with prior year revenue of \$306.6 million. The reduction in curfew hours, elimination of “no movement days” and opening some schools to face to face instruction during the quarter, contributed to a general improvement in the economy. During the period, revenue growth strategies employed by the Company resulted in improvement in our revenue, led primarily by our food division.

For the second quarter, gross profit of \$129.9 million reflected a 30 percent increase over prior year’s gross profit of \$100.0 million. We realized a gross margin of 32.4 percent compared with the prior year’s gross margin of 32.6 percent. Operating expenses of \$94.3 million were 3 percent more than prior year’s operating expenses of \$91.0 million. Finance cost of \$12.5 million increased over the prior year by 7 percent. Profit after tax of \$28.6 million was more than six times the net profit earned during the same period last year.

For the six-month period ended November 30, 2021, revenue of \$770.5 million was \$101.9 million or 15 percent more than the \$668.6 million earned in the prior year.

Gross profit for the May to November period was \$241.0 million, an increase of \$24.6 million or 11 percent over the \$216.4 million recorded last year. Other operating income for the year to date of \$22.7 million was \$10.0 million or 127 percent increase over prior year. This was mainly due to realized foreign exchange gains.

Operating expenses of \$186.9 million showed just a 2 percent increase over prior year. We continue to reinforce our ongoing cost containment strategies. Finance cost for the six-month period was \$22.5 million, which was a 7 percent reduction compared with the 2020 cost of \$24.6 million. The replacement of our preference shares with a lower interest cost facility, contributed to this improvement.

Profit after taxes of \$47.5 million reflected a \$27.8 million improvement over prior year.

Earnings per stock unit for the period of \$0.031 reflected an improvement over 2020's earnings of \$0.013.

Paramount's improved performance over the first six months of the financial year was achieved by the employment of a robust growth strategy. This was in spite of the impact of the Covid-19 pandemic and the many challenges experienced from supplies and logistic issues.

We will continue to pivot our operations to take advantage of any possible opportunities that may arise during this period of continuous uncertainty. We expect that our strategic objectives will be realized through strong income growth and cost containment.

The Board of Directors and management team remain steadfast in ensuring that the Company continues its growth trajectory.

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

Second Quarter ended November 30, 2021

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PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Second Quarter ended November 30, 2021

	<u>Notes</u>				
	<u>3 Months ended Nov 30, 2021 Unaudited</u>	<u>3 Months ended Nov 30, 2020 Unaudited</u>	<u>November 2021 Year-to-date Unaudited</u>	<u>November 2020 Year-to-date Unaudited</u>	<u>May 2021 12 Months ended Audited</u>
	\$	\$	\$	\$	\$
Revenue	401,175,062	306,602,612	770,491,713	668,610,498	1,437,596,767
Direct Expenses	271,253,047	206,581,079	529,471,795	452,254,935	983,196,477
Gross Profit	129,922,015	100,021,534	241,019,918	216,355,564	454,400,290
Other Operating Income	9,534,669	7,692,884	22,671,961	12,747,635	22,682,058
	139,456,684	107,714,418	263,691,879	229,103,199	477,082,348
Less Operating Expenses:					
Administrative	91,479,427	87,490,224	181,299,732	176,826,019	355,137,380
Selling & Distribution	2,816,048	3,470,405	5,603,279	5,204,083	10,545,683
	94,295,475	90,960,629	186,903,011	182,030,102	365,683,063
Operating Profit before Finance Costs	45,161,209	16,753,789	76,788,868	47,073,097	111,399,285
Finance Income/(Costs)	(13,444,566)	(12,669,148)	(24,334,180)	(25,750,717)	(49,275,963)
Interest Income	945,947	1,076,885	1,836,266	1,186,383	3,794,536
Net Finance Income/(Costs)	(12,498,619)	(11,592,263)	(22,497,914)	(24,564,334)	(45,481,427)
Profit Before Taxation	32,662,590	5,161,526	54,290,954	22,508,763	65,917,858
Taxation	4,082,824	645,191	6,786,368	2,813,595	2,280,519
Net profit for the year being total comprehensive income	28,579,766	4,516,335	47,504,586	19,695,168	63,637,339
Earning per Stock Unit	0.019	0.003	0.031	0.013	0.041

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2021

Notes	November 2021	November 2020	May 2021
	Unaudited	Unaudited	Audited
	\$	\$	\$
Non-Current Assets:			
Property, plant & equipment	557,095,403	590,583,800	570,791,587
Right of Use Asset	69,397,563	78,650,572	74,024,068
Investments	177,525,850	166,304,191	170,236,157
Current Assets:			
Inventories	467,560,695	500,795,945	412,778,470
Taxation Recoverable	10,033,422	2,380,930	9,754,425
Receivables	346,374,303	250,298,594	322,887,811
Cash and cash equivalents	124,360,024	115,101,542	90,934,823
	948,328,444	868,577,011	836,355,529
Current Liabilities			
Payables	383,489,733	346,358,854	317,127,815
Taxation Payable	6,786,368	2,813,595	
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
	436,981,283	392,257,971	364,344,475
Net current assets	511,347,161	476,319,040	472,011,054
Total assets less current liabilities	1,315,365,977	1,311,857,603	1,287,062,866
Equity:			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	766,339,719	736,591,644	718,835,133
	843,831,962	814,083,887	796,327,376
Non-current liabilities:			
Long term borrowings	377,400,124	111,586,685	399,817,837
Lease Liability	76,388,619	74,399,610	73,172,381
Preference Shares	0	294,147,822	0
Deferred Tax Liability	17,745,272	17,639,599	17,745,272
	471,534,015	497,773,716	490,735,490
Total equity and non-current liabilities	1,315,365,977	1,311,857,603	1,287,062,866

Approved and signed on behalf of the Board by:

Director

Director

PARAMOUNT TRADING (JAMAICA) LIMITED

STATEMENT OF CHANGES IN EQUITY

Second quarter ended November 30, 2021

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2020	77,492,243	716,896,476	794,388,719
Total comprehensive income	-	19,695,168	19,695,168
Dividends			
Balances at November 30, 2020	<u>77,492,243</u>	<u>736,591,644</u>	<u>814,083,887</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2021	77,492,243	718,835,133	796,327,376
Total comprehensive income	-	47,504,586	47,504,586
Balances at November 30, 2021	<u>77,492,243</u>	<u>766,339,719</u>	<u>843,831,962</u>

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF CASH FLOWS
Second Quarter ended November 30, 2021

	<u>November 2021</u> <u>Unaudited</u>	<u>November 2020</u> <u>Unaudited</u>	<u>May 2021</u> <u>Audited</u>
	\$	\$	
Cash flows from operating activities:			
Net profit for the period	47,504,586	19,695,168	63,637,339
Adjustments for:			
Gain on disposal of Property, Plant & equipment	-	-	-
Depreciation	22,871,708	24,345,525	47,493,669
Depreciation-Right of Use	4,626,504	4,626,504	9,253,008
Provision for deferred taxes	0	0	105,673
Interest income	(1,836,266)	(1,186,383)	(3,794,536)
Interest expense	24,334,180	25,750,717	49,275,963
	97,500,712	73,231,531	165,971,116
Changes in operating assets and Liabilities:			
Inventories	(54,782,225)	182,767,968	270,785,442
Receivables	(23,486,492)	19,875,825	(52,713,392)
Payables	66,361,919	(168,665,307)	(197,896,344)
Taxation Recoverables	(278,997)	1,869,475	(5,504,020)
Taxation Payables	6,786,368	2,813,595	-
	(5,399,427)	38,661,556	14,671,686
Cash generated from operations	92,101,285	111,893,088	180,642,802
Interest received	1,836,266	1,186,383	3,794,536
Interest Paid	(24,334,180)	(25,750,717)	(49,275,963)
Net cash provided by/(used in) operating activities	69,603,371	87,328,753	135,161,375
Cash flows from investing activities:			
Purchase of Property, plant and equipment	(9,175,524)	(5,833,764)	(9,189,695)
Proceed from sale of Asset	-	-	-
Right of Use	-	-	-
Net cash used in investing activities	(9,175,524)	(5,833,764)	(9,189,695)
Cash flows from financing activities:			
Dividends Paid	-	-	(61,698,682)
Loans, net	(22,417,713)	(8,723,193)	(15,506,920)
Finance Lease	2,704,759	(3,770,965)	-
Net cash provided by/(used in) financing activities	(19,712,954)	(12,494,158)	(77,205,602)
Net (decrease)/increase in cash resources	40,714,893	69,000,831	48,766,078
Cash resources at the beginning of the period	261,170,980	212,404,902	212,404,902
Cash resources at the end of the period	301,885,874	281,405,733	261,170,980
Represented by:			
Investments	177,525,850	166,304,191	170,236,157
Cash and cash equivalents	124,360,024	115,101,542	90,934,823 ²
	301,885,874	281,405,733	261,170,980

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

Second Quarter ended November 30, 2021

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 Second Quarter ended November 30, 2021

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
Second Quarter ended November 30, 2021

6. SHARE CAPITAL

	<u>2021</u>	<u>2020</u>
Authorised:		
1,620,000,000 (162,000,000) Ordinary shares of no par value		
<u>Issued and fully paid</u>		
1,542,467,080 (1542,467,080) shares	77,492,243	77,492,243

**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR
OFFICERS' INTERESTS
NOVEMBER 30, 2021**

Top 10 Stockholders	Number of Shares Held
Hugh Graham	1,233,966,840
Radcliff Knibbs	83,560,404
Ana Marie Graham	63,749,360
Libnah Graham	27,820,000
Barita Unit Trust	23,128,577
Vaughn Phang	13,242,904
Ursus Corporation Limited	12,541,170
Jason Carl Carby	6,498,740
G.I. Enterprises Limited	4,920,000
Lannaman and Morris Ltd	4,208,000

Directors and Senior Officers	Number of Shares Held
Hugh Graham	1,233,966,840
Daniel Chin	0
Sharon Donaldson	1,410,000
Radcliff Knibbs	83,560,404
Richard Rogers	420,120
Anna Maria Graham	63,749,360
Metry Seaga	0
Jacqueline Somers	0
Vaughn Phang	13,242,904
Maxine Hutchinson	0
Junior Levine	0
Thausha Martin	0