

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

**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

THIRD QUARTER ENDED FEBRUARY 28, 2022



# PARAMOUNT Jamaica

## **Paramount Trading (Jamaica) Limited Report to Stockholders Nine months ended February 28, 2022**

The Board of Directors is pleased to present the unaudited results of the Company for the nine (9) months ended February 28, 2022.

The financial highlights are as follows:

**Revenue \$1,234.4 million; (2021: \$1,015.9 million)**

**Earnings per share of \$0.062; (2021: \$0.018)**

**Net Profit of \$94.9 million; (2021: \$27.7 million)**

**Book value of \$829.6 million, (2021: \$760.4 million)**

Gross revenue for the third quarter was \$464.0 million, the highest in the Company's history. This represented a 34 percent increase compared with prior year revenue of \$347.2 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 Grade division.

For the third quarter, gross profit of \$158.2 million reflected a 47 percent increase over prior year's gross profit of \$107.7 million. We realized a gross margin of 34.1 percent compared with the prior year's gross margin of 31.0 percent. Operating expenses of \$105.4 million were 13 percent more than prior year's operating expenses of \$93.1 million. Finance cost of \$10.4 million was less than prior year by 10 percent. Profit after tax of \$47.4 million was 492 percent more than the \$8.0 million realized during the prior period. It should be noted that revenue and profit for this quarter were 15 and 65 percent respectively above the preceding quarter.

For the nine-month period ended February 28, 2022, revenue of \$1,234.4 million was \$218.6 million or 22 percent more than the \$1,015.9 million earned in the prior year.

Gross profit year to date was \$399.2 million, which was an increase of \$75.1 million or 23 percent above the \$324.1 million recorded last year. Other operating income year to date of \$33.6 million was \$14.8 million or a 79 percent increase over prior year. Foreign exchange gain was the main contributor to this revenue segment and the positive result was due to management of our forex liabilities and assets.

Operating expenses of \$292.3 million showed just a 2 percent increase over prior year's expenses of \$275.1, which was well within the inflation rate. Finance cost for the nine-month period was \$34.7 million, which was a 7 percent reduction compared with the 2021 cost of \$37.3 million.

Profit after taxes of \$94.9 million was \$67.2 million more than the \$27.7 million earned in the prior year.

Earnings of \$0.062 per stock unit for the period reflected an improvement of over 244 percent of the 2021's earnings of \$0.018.

Paramount declared, approved and paid dividend of \$0.040 per share during the third quarter.

While the Jamaican economy is recovering from the impact of COVID-19, our supply chain is still affected by volatility, uncertainty, increased complexity and ambiguity. At Paramount, we have managed to successfully operate in this challenging environment through the application of sound and flexible purchasing, sales and marketing strategies and the employment of strict expense control.

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.

A handwritten signature in black ink, appearing to read 'Radcliff Knibbs', written over a horizontal dotted line.

Radcliff Knibbs  
Chairman

# Paramount Trading (Jamaica) Limited

Third Quarter ended February 28, 2022

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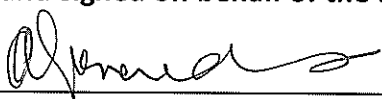
**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**Third Quarter ended February 28, 2022**

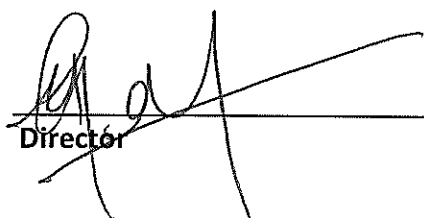
	<u>Notes</u>				
	<u>3 Months</u> <u>ended Feb 28,</u> <u>2022 Unaudited</u>	<u>3 Months</u> <u>ended Feb</u> <u>28,2021</u> <u>Unaudited</u>	<u>February 2022</u> <u>Year-to-date</u> <u>Unaudited</u>	<u>February 2021</u> <u>Year-to-date</u> <u>Unaudited</u>	<u>May 2021</u> <u>12 Months</u> <u>ended</u> <u>Audited</u>
	\$	\$	\$	\$	\$
Revenue	463,956,119	347,241,034	1,234,447,832	1,015,851,533	1,437,596,767
Direct Expenses	305,762,822	239,530,721	835,234,616	691,785,656	983,196,477
<b>Gross Profit</b>	<b>158,193,297</b>	<b>107,710,313</b>	<b>399,213,215</b>	<b>324,065,877</b>	<b>454,400,290</b>
Other Operating Income	10,899,893	6,029,284	33,571,853	18,776,919	22,682,058
	169,093,190	113,739,597	432,785,069	342,842,796	477,082,348
<b>Less Operating Expenses:</b>					
Administrative	101,411,159	89,938,620	282,710,891	266,764,639	355,137,380
Selling & Distribution	3,996,686	3,132,459	9,599,965	8,336,542	10,545,683
	105,407,845	93,071,080	292,310,856	275,101,181	365,683,063
<b>Operating Profit before</b> <b>Finance Costs</b>	<b>63,685,345</b>	<b>20,668,518</b>	<b>140,474,213</b>	<b>67,741,615</b>	<b>111,399,285</b>
Finance Income/(Costs)	(10,384,497)	(11,525,337)	(34,718,677)	(37,276,055)	(49,275,963)
Interest Income	917,593	54,878	2,753,859	1,241,261	3,794,536
Net Finance Income/(Costs)	(9,466,905)	(11,470,459)	(31,964,818)	(36,034,793)	(45,481,427)
<b>Profit Before Taxation</b>	<b>54,218,441</b>	<b>9,198,058</b>	<b>108,509,395</b>	<b>31,706,822</b>	<b>65,917,858</b>
Taxation	6,777,305	1,149,757	13,563,674	3,963,353	2,280,519
<b>Net profit for the year being</b> <b>total comprehensive income</b>	<b>47,441,136</b>	<b>8,048,301</b>	<b>94,945,721</b>	<b>27,743,469</b>	<b>63,637,339</b>
<b>Earning per Stock Unit</b>	<b>0.031</b>	<b>0.005</b>	<b>0.062</b>	<b>0.018</b>	<b>0.041</b>

**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT FEBRUARY 28, 2022**

	Notes	February 2022	February 2021	May 2021
		Unaudited	Unaudited	Audited
		\$	\$	\$
<b>Non-Current Assets:</b>				
Property, plant & equipment		547,618,366	580,831,794	570,791,587
Right of Use Asset		67,084,311	76,337,320	74,024,068
Investments		178,202,752	169,345,419	170,236,157
<b>Current Assets:</b>				
Inventories		504,974,828	440,025,890	412,778,470
Taxation Recoverable		10,168,640	2,394,650	9,754,425
Receivables		380,150,737	293,145,687	322,887,811
Cash and cash equivalents		102,375,227	44,319,525	90,934,823
		997,669,432	779,885,751	836,355,529
<b>Current Liabilities</b>				
Payables		431,645,256	303,776,082	317,127,815
Taxation Payable		13,563,674	3,963,353	
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
		491,914,112	350,824,956	364,344,475
<b>Net current assets</b>		505,755,320	429,060,795	472,011,054
<b>Total assets less current liabilities</b>		1,298,660,749	1,255,575,328	1,287,062,866
<b>Equity:</b>				
Issued capital		77,492,243	77,492,243	77,492,243
Retained earnings		752,082,171	682,941,262	718,835,133
		829,574,414	760,433,505	796,327,376
<b>Non-current liabilities:</b>				
Long term borrowings		377,223,963	108,066,636	399,817,837
Lease Liability		74,117,100	72,361,677	73,172,381
Preference Shares		0	297,073,911	0
Deferred Tax Liability		17,745,272	17,639,599	17,745,272
		469,086,335	495,141,823	490,735,490
<b>Total equity and non-current liabilities</b>		1,298,660,749	1,255,575,328	1,287,062,866

Approved and signed on behalf of the Board by:

  
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 Director

  
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 Director

# PARAMOUNT TRADING (JAMAICA) LIMITED

## STATEMENT OF CHANGES IN EQUITY

Third quarter ended February 28, 2022

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	<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	-	27,743,469	27,743,469
Dividends		(61,698,683)	(61,698,683)
<b>Balances at February 28, 2021</b>	<u>77,492,243</u>	<u>682,941,262</u>	<u>760,433,505</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	-	94,945,721	94,945,721
Dividend	-	(61,698,683)	(61,698,683)
<b>Balances at February 28, 2022</b>	<u>77,492,243</u>	<u>752,082,171</u>	<u>829,574,414</u>

**PARAMOUNT TRADING (JAMAICA) LIMITED**

**STATEMENT OF CASH FLOWS**

**Third Quarter ended February 28, 2022**

	<u>February 2022</u> <u>Unaudited</u>	<u>February 2021</u> <u>Unaudited</u>	<u>May 2021</u> <u>Audited</u>
	\$	\$	
<b>Cash flows from operating activities:</b>			
Net profit for the period	94,945,721	27,743,469	63,637,339
<b>Adjustments for:</b>			
Gain on disposal of Property, Plant & equipment	-	-	-
Depreciation	34,258,034	35,780,654	47,493,669
Depreciation-Right of Use	6,939,756	6,939,756	9,253,008
Provision for deferred taxes	0	0	105,673
Interest income	(2,753,859)	(1,241,261)	(3,794,536)
Interest expense	34,718,677	37,276,054	49,275,963
	168,108,329	106,498,672	165,971,116
<b>Changes in operating assets and Liabilities:</b>			
Inventories	(92,196,358)	243,538,023	270,785,442
Receivables	(57,262,927)	(22,971,268)	(52,713,392)
Payables	114,517,443	(211,248,079)	(197,896,344)
Taxation Recoverables	(414,216)	1,855,755	(5,504,020)
Taxation Payables	13,563,673	3,963,353	-
	(21,792,384)	15,137,784	14,671,686
Cash generated from operations	146,315,945	121,636,457	180,642,802
Interest received	2,753,859	1,241,261	3,794,536
Interest Paid	(34,718,677)	(37,276,054)	(49,275,963)
<b>Net cash provided by/(used in) operating activities</b>	<b>114,351,127</b>	<b>85,601,664</b>	<b>135,161,375</b>
<b>Cash flows from investing activities:</b>			
Purchase of Property, plant and equipment	(11,084,813)	(7,516,888)	(9,189,695)
Proceed from sale of Asset	-	-	-
Right of Use	-	-	-
<b>Net cash used in investing activities</b>	<b>(11,084,813)</b>	<b>(7,516,888)</b>	<b>(9,189,695)</b>
<b>Cash flows from financing activities:</b>			
Dividends Paid	(61,698,683)	(61,698,683)	(61,698,682)
Loans, net	(22,593,874)	(9,317,153)	(15,506,920)
Finance Lease	433,241	(5,808,899)	-
<b>Net cash provided by/(used in) financing activities</b>	<b>(83,859,316)</b>	<b>(76,824,735)</b>	<b>(77,205,602)</b>
Net (decrease)/increase in cash resources	19,406,998	1,260,041	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>280,577,979</b>	<b>213,664,943</b>	<b>261,170,980</b>
<b>Represented by:</b>			
Investments	178,202,752	169,345,419	170,236,157
Cash and cash equivalents	102,375,227	44,319,525	90,934,823 <sup>2</sup>
	280,577,979	213,664,943	261,170,980



# Paramount Trading (Jamaica) Limited

## Notes to Interim Financial Statements

Third Quarter ended February 28, 2022

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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  
Third Quarter ended February 28, 2022

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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  
Third Quarter ended February 28, 2022

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## 6. SHARE CAPITAL

	<u>2022</u>	<u>2021</u>
<b>Authorised:</b>		
1,620,000,000 (162,000,000) Ordinary shares of no par value		
<b><u>Issued and fully paid</u></b>		
<b>1,542,467,080 (1542,467,080) shares</b>	77,492,243	77,492,243

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**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR  
OFFICERS' INTERESTS  
FEBRUARY 28, 2022**

**Top 10 Stockholders**

	<b>Number of Shares Held</b>
Hugh Graham	1,233,966,840
Radcliff Knibbs	83,560,404
Anna Maria Graham	63,749,360
Libnah Graham	27,820,000
Barita Unit Trust	23,153,665
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**

	<b>Number of Shares Held</b>
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