

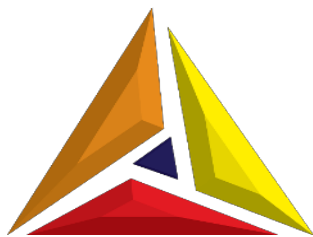


P A R A M O U N T
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PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FIRST QUARTER ENDED AUGUST 31, 2022



PARAMOUNT Jamaica

Paramount Trading (Jamaica) Limited **Report to Stockholders** **Three months ended August 31, 2022**

The Board of Directors is pleased to present the unaudited results of the Company for the three (3) months ended August 31, 2022.

The financial highlights are as follows:

Revenue \$595.2 million; (2021: \$369.3 million)

Earnings per share of \$0.054; (2021: \$0.012)

Net Profit of \$83.9 million; (2021: \$18.9 million)

Book value of \$993.1 million, (2021: \$815.2 million)

The company continues its journey of purpose manifestation in maximising possibilities for its customers, partners, shareholders, and staff members. This has resulted in significant increases compared with last year's first quarter in all its financial indicators: Revenue (61%), Net Profit (344%), Earnings per share (350%) and Book value (22%).

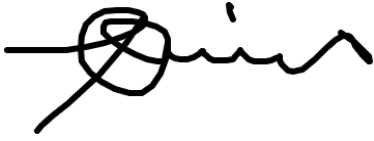
Gross revenue for the first quarter of \$595.2 million was achieved. This surpasses by 28 percent the previous highest quarter (Q3:21/22) in the Company's history. During the period, revenue growth strategies employed by the company resulted in improvement in our revenue, in three (3) of the five (5) segments in both the Manufacturing and Distribution divisions. The non-growth segments, lubricant and technical grade were impacted by supply chain management challenges, which are being resolved in the second quarter.

Consistent with the first quarter of last financial year, this year's first quarter 61.2% growth in revenue continues to outpace the 31.3% growth in operating expenses, auguring well for the Company's efficiency ratios as evidenced by both consistent and growing gross profit margin (4.1%) and improved net profit margin (10.5%) ratios.

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', with a large circular flourish at the beginning.

.....
Radcliff Knibbs
Chairman

Paramount Trading (Jamaica) Limited
First Quarter ended August 31, 2022

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PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FIRST QUARTER ENDED AUGUST 31, 2022

	<u>Notes</u>		
	<u>August 2022</u> <u>Year-to-date</u>	<u>August 2021</u> <u>Year-to-date</u>	<u>May 2022</u> <u>Year-to-date</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
	\$	\$	\$
Revenue	595,169,388	369,316,651	1,716,938,666
Direct Expenses	391,840,567	258,218,748	1,154,528,111
Gross Profit	203,328,821	111,097,903	562,410,555
Other Operating Income	29,365,959	13,137,292	75,859,347
	232,694,780	124,235,195	638,269,902
Less Operating Expenses:			
Administrative	122,578,619	89,820,305	391,288,249
Selling & Distribution	2,598,479	2,787,230	17,638,391
	125,177,098	92,607,535	408,926,640
Operating Profit before Finance Costs	107,517,682	31,627,660	229,343,262
Finance Costs	(11,079,514)	(10,889,614)	(46,696,185)
Interest Income	919,380	890,319	3,661,195
Net Finance (Costs)/Income	(10,160,134)	(9,999,295)	(43,034,990)
Profit Before Taxation	97,357,548	21,628,365	186,308,272
Taxation	13,448,209	2,703,546	11,738,149
Net profit/(Loss) for the year	83,909,339	18,924,819	174,570,123
Earning per Stock Unit	0.054	0.012	0.113

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2022

<u>Notes</u>	<u>August 2022</u> <u>Unaudited</u>	<u>August 2021</u> <u>Unaudited</u>	<u>May 2022</u> <u>Audited</u>
	\$	\$	\$
Non-Current Assets:			
Property, plant & equipment	554,419,462	562,590,962	549,083,394
Right of Use Asset	62,457,807	71,710,815	64,771,059
Investments	180,177,645	173,456,328	182,404,507
Current Assets:			
Inventories	814,103,312	480,462,529	670,840,560
Taxation Recoverable	937,381	9,894,584	802,446
Receivables	403,185,772	344,638,624	331,558,858
Cash and cash equivalents	46,006,552	77,657,555	125,547,089
	1,264,233,017	912,653,292	1,128,748,953
Current Liabilities			
Payables	572,789,219	377,774,717	520,304,409
Taxation Payable	13,448,208	2,703,546	-
Current portion of long term borrowings	326,902,886	38,656,319	328,780,435
Current portion of Lease Liability	9,416,166	8,048,863	9,416,166
	922,556,479	427,183,445	858,501,010
Net current assets	341,676,538	485,469,847	270,247,943
Total assets less current liabilities	1,138,731,452	1,293,227,952	1,066,506,903
Equity:			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	915,615,913	737,759,953	831,706,574
	993,108,156	815,252,196	909,198,817
Non-current liabilities:			
Long term borrowings	63,315,101	383,627,238	71,153,880
Lease Liability	62,327,225	76,603,246	66,173,236
Deferred Tax Liability	19,980,970	17,745,272	19,980,970
	145,623,296	477,975,756	157,308,086
Total equity and non-current liabilities	1,138,731,452	1,293,227,952	1,066,506,903

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, 2022

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

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$	\$	\$
Balances at May 31, 2022	77,492,243	831,706,574	909,198,817
Total comprehensive income	-	83,909,339	83,909,339
Dividends	-	-	-
Balances at August 31, 2022	<u>77,492,243</u>	<u>915,615,913</u>	<u>993,108,156</u>

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF CASH FLOWS
FIRST QUARTER ENDED August 31, 2022

	<u>August 2022</u> <u>Unaudited</u>	<u>August 2021</u> <u>Unaudited</u>	<u>May 2022</u> <u>Audited</u>
	\$	\$	\$
Cash flows from operating activities:			
Net profit for the period	83,909,339	18,924,819	174,570,123
Adjustments for:			
Gain on disposal of Property, Plant and Equip	-	-	(1,050,000)
Depreciation	9,898,839	11,517,494	43,218,044
Depreciation of Right of Use Asset	2,313,252	2,313,252	9,253,008
Provision for deferred taxes	0	-	2,235,699
Interest income	(919,380)	(890,319)	(3,661,195)
Interest expense	11,079,514	10,889,614	46,696,185
	106,281,564	42,754,860	271,261,864
Changes in operating assets and Liabilities:			
Inventories	(143,262,752)	(67,684,060)	(258,062,090)
Receivables	(71,626,913)	(21,750,812)	(8,671,047)
Payables	52,484,808	60,646,903	203,176,594
Taxation Recoverables	(134,935)	(140,160)	8,951,979
Taxation Payables	13,448,209	2,703,546	-
	(149,091,583)	(26,224,583)	(54,604,564)
Cash generated from operations	(42,810,019)	16,530,277	216,657,300
Interest received	919,380	890,319	3,661,195
Interest Paid	(11,079,514)	(10,889,614)	(46,696,185)
Net cash (used in)/provided by operating activities	(52,970,153)	6,530,982	173,622,310
Cash flows from investing activities:			
Purchase of Property, plant and equipment	(15,234,907)	(3,316,867)	(21,509,850)
Proceed from sale of Asset			1,050,000
Net cash (used in)/provided by investing activities	(15,234,907)	(3,316,867)	(20,459,850)
Cash flows from financing activities:			
Dividends Paid	-	-	(61,698,682)
Loans, net	(9,716,328)	(16,190,599)	(38,539,845)
Finance Lease	(3,846,011)	2,919,387	(6,143,320)
Net cash (used in)/provided by financing activities	(13,562,339)	(13,271,212)	(106,381,847)
Net (decrease)/increase in cash resources	(81,767,399)	(10,057,097)	46,780,616
Cash resources at the beginning of the period	307,951,596	261,170,980	261,170,980
Cash resources at the end of the period	226,184,197	251,113,883	307,951,596
Represented by:			
Investments	180,177,645	173,456,328	182,404,507
Cash and cash equivalents	46,006,552	77,657,555	125,547,089
	226,184,197	251,113,883	307,951,596

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

First Quarter ended August 31, 2022

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, 2022, 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, 2022.

(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, 2022

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, 2022

6. SHARE CAPITAL

	<u>August</u> <u>2022</u>	<u>May</u> <u>2022</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
AUGUST 31, 2022

Top 10 Stockholders

	Number of Shares Held
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	23,179,119
Vaughn Phang	13,242,904
Ursus Corporation Limited	12,541,170
Jason Carl Carby	5,966,418
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
Jacqueline Leckie Johnson	0
Thausha Martin	0
Shantel Walters	0