ANNUAL REPORT

PARAMOUNT Jamaica

BUILDING THE VISION, LEADING THE FUTURE THROUGH MANUFACTURING

THE FUTURE OF **MANUFACTURING** IS HERE

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Our Mission

Our mission is to provide our customers with quality chemical products and services, guided by the principles of honesty, integrity, and rigorous adherence to stringent safety standards and procedures for the protection of both people and the physical environment. We will foster team-work, accountability and innovation among our employees and encourage their lifelong learning and personal development.

Our Values

We hold closest to our hearts the values of honesty, integrity, teamwork, and accountability. We recognize that the contribution of each individual is fundamental to our on-going success and, therefore, we provide opportunities for personal growth and encourage employee involvement at all levels.

Our Vision

To be a chemical industry leader and exemplary employer that remains success-driven and constantly energised through our passion to develop and fully satisfy our customers' needs for our products and services.

Chairman's Statement

Radcliff Knibbs

Dear Shareholders and Friends:

On behalf of the Board of Directors, I would like to extend my sincere gratitude to you, our shareholders, and the community for your unwavering interest in and continued support of Paramount Trading (Jamaica) Limited.

The fiscal year, which began in June 2022, was marked by elevated commodity prices, supply chain disruptions, and heightened global uncertainty. These events coincided with an increase in interest rates by central banks and financial institutions, resulting in higher financing costs for both existing and future projects for many companies. Despite these challenges we remained steadfast and achieved another historically strong year of financial and operational performance. This was achieved while also establishing new relationships and meeting the increased demand as pandemic restrictions no longer constrained economic activity.

In 2023, our exceptional execution led to a remarkable revenue performance of $2.46 billion, marking a 44% increase over prior year. This is the first time in the company's history that sales have surpassed $2 billion. Our capacity to generate value was exemplified by a gross profit of $721 million, a substantial 28% year-over-year growth. The chemical and construction segments were the biggest winners. Despite incurring additional costs associated with our growth plans and inflation, we achieved a profit before tax of $291 million, reflecting a remarkable 56% year-over-year increase. Our net profit after tax also exhibited significant growth, up by 41% to $245 million, resulting in a net profit margin of 10%.

This phase of new development will be supported by the following five major development strategies:

- **Customer Value Creation**
- **Market Orientation**
- **Manufacturing Focus**
- **Digital Transformation**
- **Talent Cultivation**

As we commemorate our 10-year listing on the Jamaica Stock Exchange (JSE), we anticipate harnessing these strategies and the collective strength of our team to provide substantial value to our shareholders and continue contributing to Jamaica›s ongoing development.

Allow me to conclude by expressing gratitude once more to our customers, suppliers, and partners for their collaboration, our shareholders for their support, and the Paramount team for their hard work in 2023. As we embark on a new fiscal year, we look forward to continuing our collective efforts on the journey toward a sustainable future for Paramount and Jamaica.

Radcliff Knibbs
Chairman

CEO's Statement

Hugh Graham

"With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve". – Muhammad Ali Jinnah

Paramount Trading (Jamaica) Limited commenced its operations in February 1991 and achieved a significant milestone in December 2012 when we became listed on the Junior Market of the Jamaica Stock Exchange. Since then, we have experienced substantial growth and have become a cornerstone within the manufacturing and distribution sectors in Jamaica. Throughout the years, we have successfully navigated numerous challenges, including the COVID-19 pandemic, during which we stepped up to serve our country during its most trying times. With the pandemic's restrictions having largely dissipated over the past year, we remain committed to our growth trajectory and have made meaningful strides in enhancing our team for the next chapter of our journey.

In the fiscal year 2023, we made revelatory announcements and encountered favourable developments, especially as the local economy rebounded. These tailwinds played a crucial role in our successful sales growth. During this period, we witnessed a decline in sales within two segments due to reduced sanitation needs and delayed raw material shipments. However, simultaneously, we experienced a surge in sales for construction and our core chemicals segments, driven by increased economic activity. To align our efforts with our commitment to quadruple our earnings in the coming years, we have taken exploratory steps, including conducting business trips to various Caribbean territories and strengthening discussions with both local and international potential partners.

It is a tremendous honour to lead the Paramount team, and I commend their ongoing efforts and dedication to the company's vision, which ultimately accounts for the transformative growth of the company. Our team members balance and complement each other, making the whole greater than the sum of its parts.

I would like to acknowledge our suppliers for consistently delivering on our vision of providing unmatched quality products. You play an integral role in our supply chain, which is essential to our success at Paramount.

We continue to embrace the philosophy of "maintaining the highest standards of accountability and integrity". We are committed to consistently striving to deliver quality and maintain the trust of all our stakeholders. We eagerly anticipate another decade of providing substantial returns to our shareholders and stakeholders by continued expansion and offering the best products and services to various markets.

One Love,

Hugh Graham
Chief Executive Officer (CEO)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting (AGM) of Paramount Trading (Jamaica) Limited ("the Company") is scheduled to be held on **Saturday, November 18, 2023** at **10:00 a.m.** at the Courtyard by Marriott, Kingston Jamaica, 1 Park Close, Kingston 5, in the parish of Saint Andrew for the shareholders of the Company to transact the following business: -

Ordinary Resolutions

i. To receive and adopt the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended May 31, 2023

To consider, and if thought fit, pass the following resolution: -

Resolution No. 1
"THAT the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended May 31, 2023 be hereby received and adopted."

ii. To increase the number of Directors to serve on the Board of Directors

To consider, and if thought fit, pass the following resolution: -

Resolution No. 2
"THAT In accordance with Article 102 of the Company's Articles of Incorporation, the Company is permitted to increase the maximum number of Directors from ten (10) to twelve (12) to serve on the Board of Directors."

iii. To retire, re-elect, elect and appoint Directors

To consider, and if thought fit, pass the following resolution: -

Resolution No. 3 (a)
"THAT in accordance with Article 97 of the Company's Articles of Incorporation, Messrs. Hugh Graham, Anna Graham, Sharon Donaldson-Levine and Richard Rogers retire from office by rotation with Messrs. Sharon Donaldson-Levine and Richard Rogers not seeking re-election."

Resolution No. 3 (b)
"THAT Mr. Hugh Graham who retires by rotation and being eligible for re-election be and is hereby re-elected and appointed as a Director of the Company."

Resolution No. 3 (c)
"THAT Ms. Anna Graham who retires by rotation and being eligible for re-election be and is hereby re-elected and appointed as a Director of the Company."

Resolution No. 3 (d)
"THAT Mrs. Catherine Goodall Jackson be and is hereby elected and appointed as a Director of the Company."

Resolution No. 3 (e)
"THAT Mr. Dwight Balli be and is hereby elected and appointed as a Director of the Company."

Resolution No. 3 (f)
"THAT Mrs. Kathryn Lewis-Green be and is hereby elected and appointed as a Director of the Company."

Resolution No. 3 (g)
"THAT Mr. Loren Edwards be and is hereby elected and appointed as a Director of the Company."

iv. To approve and fix the remuneration of the Directors

To consider, and if thought fit, pass the following resolutions: -

Resolution No. 4 (a)
"THAT the amount included in the Audited Financial Statements for the year ended May 31, 2023 of the Company as Directors' fees for services rendered, be and is hereby approved."

Resolution No. 4 (b)
"THAT Board of Directors of the Company be and is hereby authoprised to fix the remuneration of the individual directors for the ensuing year."

v. To reappoint Auditors and to authorise the Board of Directors to fix the remuneration of the Auditors

To consider, and if thought fit, pass the following resolutions: -

Resolution No. 5 (a)
"THAT McKenley & Associates, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company, to hold office until the next Annual General Meeting."

Resolution No. 5 (b)
"THAT the Board of Directors be and is hereby aurhorised to fix the remuneration of the Auditors of the Company."

NOTES

Shareholders are being asked to submit their questions by electronic mail **within forty eight (48) hours** prior to the AGM, to be reviewed and announced by the Chairman and/or Company Secretary of the Board of Directors. Questions may be sent to **info@corpcom.pro.**

A member entitled to attend and vote at the AGM is also entitled to appoint a proxy to attend and vote on one's behalf, and who need not be a member to attend and so on a poll, vote on one's behalf. A corporate shareholder may, instead of appointing a proxy, appoint a corporate representative in accordance with **Article 75** of the Company's Articles of Incorporation.

All completed original proxy forms must be deposited together with the power of attorney or other document accompanying the proxy form must be lodged with the Company Registrar, Jamaica Central Securities Depository, 40 Harbour Street, Kingston **not less than forty eight (48) hours** prior to the AGM.

Dated the 28th day of September 2023
BY ORDER OF THE BOARD OF DIRECTORS

DEMETRIE A. ADAMS
Company Secretary

DIRECTORS

RADCLIFF KNIBBS
BSc, MBA
Chairman

Radcliff Knibbs is a Non-Executive Chairman of the Board of Directors and is a member of the Compensation Committee. He holds a Bachelor of Science and a Masters of Business Administration at the University of the West Indies and Florida International University, respectively. He is the Managing Director of CMK Bakery Limited and is the operator of several Juici Patties restaurant franchises.

HUGH GRAHAM
Chief Executive Officer (CEO) & Managing Director

Hugh Graham founded Paramount Trading (Jamaica) Limited in February 1991. He is an Executive Director and a member of the Compensation Committee. He is the Member of Parliament for Saint Catherine Northwest constituency. He has served on the board of Main Event Entertainment Group since 2016 and has previously served on a number of boards including the National Water Commission and Rural Water Supply Limited.

Anna Maria Graham
Director

Anna Maria Graham is a Non-Executive Director of Paramount Trading (Jamaica) Limited and is a member of the Audit Committee. She was raised in the Paramount family for over 20 years and has acquired knowledge of the Company and exposure to the manufacturing and distribution industries. She has a passion for giving back and played a lead role in the planning and execution of our annual Christmas Treats and the 2021 Vaccination Blitz.

Sharon Donaldson-Levine
LLB, MBA, CA
Director and Mentor

Sharon Donaldson-Levine is Mentor for Paramount Trading (Jamaica) Limited where she serves as a member of the Audit Committee. She is a Chartered Accountant, a Fellow of the Institute of Chartered Accountants of Jamaica, and an Attorney-at-Law. She is the Group Managing Director of General Accident Insurance Company Jamaica, Trinidad and Barbados and a Director of Musson (Jamaica) Limited, Canopy Insurance, Eppley Caribbean and 138 Student Living. Mrs. Donaldson- Levine is also the treasurer of the Jamaica Environment Trust (JET) and a member of the National Disaster Fund Committee. She is the current President of the Insurance Association of Jamaica (IAJ).

JACQUELINE SOMERS
MBA, FCA
Director

Jacqueline Somers is a Non-Executive Director of Paramount Trading (Jamaica) Limited and is the Chair of the Audit Committee. She is a Chartered Accountant, a fellow member of the Institute of Chartered Accountants of Jamaica and a businesswoman. She has over thirty (30) years' experience in financial accounting and auditing, and has worked in senior positions at PricewaterhouseCoopers and Sagicor Life Jamaica Limited.

Metry Seaga
Director

Metry Seaga is a Non-Executive Director of Paramount Trading (Jamaica) Limited and is a member of the Compensation Committee. He currently serves as Chairman of Petrojam, e-Learning Jamaica Co. Ltd., Spur Tree Spices Jamaica and AMG Packaging. He has years of experience in both the private and public sectors.

RICHARD ROGERS
Director

Richard Rogers is the second of two founding Non-Executive Directors of Paramount Trading (Jamaica) Limited and is a member of the Audit Committee. He is also a Director of Rogers Land Development Ltd.

DANIEL CHIN
Director

Daniel Chin is a Non-Executive Director of Paramount Trading (Jamaica) Limited and is a member of the Compensation Committee. A graduate of the University of Guelph, he is the holder of a Bachelor of Commerce degree. Upon completing his degree program in 2013, he began his career in business working at the restaurant franchise Juici Beef Limited (Juici) in Clarendon. Throughout his tenure at Juici, he has gained tremendous knowledge in management and business development and has since become the Director of Operations and is responsible for operations in Jamaica, other Caribbean markets and the United Kingdom.

EMANUEL DAROSA
Director

Emanuel DaRosa is a Non-Executive Director of Paramount Trading (Jamaica) Limited. He has 29 years of experience in the electrical energy sector, working in the areas of generation, transmission and distribution. He was appointed President & Chief Executive Officer of the Jamaica Public Service Company (JPS) on August 1, 2017. Mr. DaRosa took JPS to top quartile performance by focusing on safety, modernization, efficiency, renewables and loss reduction undergirded by the ethos of respect, integrity and professionalism. He has also served as the CEO of the Northwest Territories Power Corporation (NTPC), for six years. Emanual has led several organisations to achieve quartile performance by adopting best-in-class practices and processes, ultimately achieving employee, operational and customer service excellence. Mr. DaRosa has also served in the role of Deputy Minister in support of Ministers and the Premier of the Northwest Territories, providing advice on policy.

MANAGEMENT TEAM

HUGH GRAHAM

Chief Executive Officer (CEO)

Hugh Graham founded Paramount Trading (Jamaica) Limited in February 1991. He is an Executive Director and a member of the Compensation Committee. He is the Member of Parliament for Saint Catherine Northwest constituency. He has served on the board of Main Event Entertainment Group since 2016 and has previously served on a number of boards including the National Water Commission and Rural Water Supply Limited.

DR. JACQUELINE LECKIE

Dr. Business Administration, MSc. Information Systems, BSc. Accounting, FCCA

Chief Financial Officer & Chief Digital Strategist

Dr. Jacqueline Leckie joined Paramount Trading in July 2022, an accomplished Financial Management Executive focused on driving strategy actualization and operational efficiency with specialization in enhancing underperforming areas in the retail, distribution and financial services sectors.

Special Interests: Focused on organisation transformation and growth through strategic digitization, structure and process alignment.

THAUSHA MARTIN

MSc. Political Sciences, PG Dip. International Relations, BSc. Management and Economics

Senior Commercial Manager

Thausha Martin joined Paramount Trading in February of 2018. She came to the organization as a professional negotiator, a career replete with impressive wins for the companies that she has worked for and international experience in business. She has 20 years' experience in the hospitality, shipping and logistics, distribution and manufacturing sectors.

Special Interests: Former President of the Rotary Club of Montego Bay East

MANAGEMENT TEAM

JODIAN BUCKNOR-NATTOO
BSc. Chemical Engineering
Plant Manager

Jodian Bucknor-Nattoo joined Paramount Trading in April 2022. She is a Chemical Engineer with over 10 years' experience with notable manufacturing companies, focusing on ensuring Operational efficiencies, Equipment Analysis and Good Manufacturing Practices.

Special Interests: Tennis, Football and Linguistics

KURT SUTHERLAND
B.A. Architecture and Urbanism
Head Of Sales, Marketing & Customer Service

Kurt Sutherland joined Paramount Trading in April of 2023. He is a trained Architect and a seasoned Marketer with over 11 years of experience, an extensive network and impressive professional sales history.

Special Interests: Graphics and Computer aided design

JOAN MARIE JANNIERE
MSc. SHRD, BSc. Management
Head Of People & Culture

Joan Marie Janniere joined Paramount Trading in May 2023. She is specially trained in Strategic Human Resource Development with over 20 years of experience in the field in both Public and Private Sector organizations focusing on Industrial Relations, Employee Relations, Employee Benefits, and General Human Resource Management.

Special Interests: Teambuilding, Employee Development, Creative arts

MANAGEMENT TEAM

SHANTEL WALTERS
LLB.
Legal Officer & Company Secretary

Shantel Walters joined Paramount Trading in June of 2019 in the capacity of Regulatory and Contracts Administrator, ensuring that Paramount remains compliant with all regulatory requirements and promotes good corporate governance.

Special interests: Mentorship programmes and French.

ANGEL HERNANDEZ
BSc. Chemical Engineering
Operations Manager

Angel Hernandez joined Paramount Trading in November 2017. He is a Chemical Engineer with over 9 years of experience in Management and Operations in both Venezuela and Jamaica.

Special Interest: Active member of the Venezuelan Engineer Society, Contributes to the Foundation of Science Magazine and Enjoys Swimming.

DIRECTORS' REPORT

The Board of Directors of Paramount Trading (Jamaica) Limited ("the Company") is pleased to submit their report and the Audited Financial Statements for the year ended May 31, 2023.

Financial Results

For the period, the operating results were:

Revenue
The revenue of **$2,463.9** million generated was **44%** more than that of the previous financial year.

Gross profit of **$721.3** million was a **28%** increase over the previous financial year

Year to date profit after tax of **$245.4** million improved by **41%** over the previous financial year

No dividend was declared for the financial year under review.

The details of these results, along with the comparative analysis of the previous year's performance and the state of affairs of the Company are set out in the Management Discussion and Analysis and the Financial Statements which are included as a part of this Annual Report.

BOARD OF DIRECTORS

The Directors of the Company as of May 31, 2023 were:

Radcliff Knibbs
Chairman

Mr. Hugh Graham
Managing Director

Mrs. Sharon Donaldson -Levine
Independent Director

Mr. Richard Rogers
Independent Director

Miss Anna Maria Graham
Non Executive Director

Mr. Metry Seaga
Chairperson –
Compensation Committee

Mrs. Jacqueline Somers
Chairperson -
Audit Committee

Mr. Daniel Chin
Independent Director

Mr. Emanuel Da Rosa
Independent Director

The following Directors of the Board who, being the longest serving, will retire at the Annual General Meeting, by rotation prior to the reading of this resolution in accordance with Article 97 of the Articles of Incorporation of the Company and, being eligible, have consented to be re-appointed and to act: Messrs. Hugh Graham, Anna Graham, Sharon Donaldson-Levine and Richard Rogers retire from office by rotation with Messrs. Sharon Donaldson-Levine and Richard Rogers not seeking re-election.

Auditors

The Auditors of the Company, Mckenley and Associates of Unit 1, 2 Seymour Avenue, Kingston 6 in the parish of Saint Andrew, and have indicated their willingness to continue in office in accordance with the provisions of **Section 154** of the **Companies Act.**

Members of Staff

The Board of Directors wishes to thank the management and staff of the Company for their performance during the year under review. Their continued commitment is highly anticipated for the ensuing year.

Customers

The Directors wish to thank our valued customers, for their support and contribution to the Company's performance during the year under review, and look forward to their continued support of the Paramount brand.

Dated the 28th day of September 2023
BY ORDER OF THE BOARD OF DIRECTORS

DEMETRIE A. ADAMS
Company Secretary

DISCLOSURE OF SHAREHOLDINGS

TOP 10 SHAREHOLDERS

INTERESTS MAY 31, 2023

Top 10 Stockholders	Number of Shares Held
Hugh Graham	1,233,966,840
Radcliff Knibbs	83,560,404
Anna Maria Graham	63,749,360
Carmen Rhoden	28,105,000
Barita Unit Trust Capital Growth Fund	23,214,693
Mayberry Jamaican Equities Limited	13,312,935
Ursus Corporation Limited	12,541,170
Vaughn Phang	6,000,000
G.I. Enterprises Limited	4,920,000
Lannaman & Morris (Shipping) Limited	4,208,000

Directors and Senior Officers	Number of Shares Held
Hugh Graham	1,233,966,840
Radcliff Knibbs	83,560,404
Jacqueline Somers	0
Sharon Donaldson	1,410,000
Richard Rogers	420,120
Anna Maria Graham	63,749,360
Daniel Chin	0
Metry Seaga	0
Emanuel DaRosa	0
Shantel Walters	0
Thausha Martin	0
Jacqueline Leckie	0

CORPORATE DATA

LOCATIONS

39 Waltham Park Road
Kingston 13

39 ¼ Waltham Park Road
Kingston 13

6 Bell Road East, Kingston 11

8 Bell Road East, Kingston 11

876.923.9015, 876.923.9040

876.937.9241, 876.758.9040

paramount@paramountjm.com

www.paramountjamaica.com

BOARD OF DIRECTORS

Radcliff Knibbs (Chairman)
Richard Rogers
Anna Maria Graham
Jacqueline Somers
Emanuel DaRosa
Hugh Graham
Sharon Donaldson-Levine
Metry Seaga
Daniel Chin

BOARD SUB-COMMITTEES

Mentor
Sharon Donaldson-Levine

AUDIT COMMITTEE

Jacqueline Somers (Chair)
Richard Rogers
Sharon Donaldson-Levine
Anna Maria Graham

COMPENSATION COMMITTEE

Metry Seaga
Radcliff Knibbs
Hugh Graham
Daniel Chin

CORPORATE DATA

COMPANY SECRETARY

Shantel Walters
Attorney-at-Law

8 Bell Road East
Kingston 11

SENIOR MANAGEMENT TEAM

Hugh Graham – CEO
Jacqueline Leckie – CFO & CDS
Thausha Martin – Senior Commercial Manager
Kurt Sutherland – Head of Sales & Marketing
Joan Janniere – Head of People and Culture

REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities Depository Ltd.
P.O Box 1084
40 Harbour Street
Kingston

AUDITORS

McKenley & Associates
Unit 11, Seymour Park
2 Seymour Avenue
Seymour Park Complex
Kingston 6

BANKERS

Sagicor Bank Jamaica Ltd.
17 Dominica Drive
Kingston 5

National Commercial Bank Jamaica Ltd.
32 Trafalgar Road
Kingston 10

CORPORATE GOVERNANCE REPORT

Corporate Governance is the system by which Paramount Trading Jamaica Limited ("Paramount") is directed, so as to achieve its overall objectives. It is concerned with relationship, structures, processes, information flows, controls, decision-making and accountability to the highest level in the Company. Paramount has embraced the enlightened shareholder value approach proposes that the Board of Directors, when considering actions to maximise shareholder value, look to the long term as well as the short term, and consider the views of and impact on other stakeholders of the company, not just the shareholders. The Company is guided by the pillars of Corporate Governance which are responsibility, accountability, transparency and fairness. The active players in this regard as the Board of Directors; Committees – Audit and Remuneration

Board of Directors

The selection of Board members is guided by the Corporate Governance Manual. This emphasises the need for members who possess varying knowledge, expertise and skillsets to effectively advise management and discharge their fiduciary duty. As at May 31, 2023, the Board consisted of nine (9) Directors namely, Radcliff Knibbs (Chairman), Hugh Graham (Chief Executive Officer), Sharon Donaldson-Levine (Mentor), Richard Rogers, Anna Maria Graham, Metry Seaga, Jacqueline Somers, Daniel Chin and Emanuel Da Rosa. Of the nine (9) Directors, six (6) were Independent Directors and three (3) were Non-Independent Directors. A Director meets the Independent criteria, if the Director: -

i. Is not an employee of the Company;

ii. Does not or has not had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Company;

iii. Has not received additional remuneration from the Company apart from a director's fee, has not participated in the company's share option or a performance-related pay scheme, or is not a member of the Company's pension scheme;

iv. Has no close family ties with any of the Company's advisors, directors or senior employees;

v. Holds no cross-directorships or has significant links with other directors through involvement in other companies or bodies; or

vi. Does not represent a significant shareholder.

This composition brings a healthy balance to the decision making process as it ensures that decisions, strategies and policies are discussed dispassionately and are properly ventilated. In respect of election, re-election, term and retirement of each board member, this is conducted in keeping with the Company's Articles of Incorporation.

The Board ensures that conflicts of interests are managed and declarations are promptly made on any interests that may give rise to potential or perceived conflict e.g. multiple directorships, business relationships or other circumstances that could interfere with exercise of objective judgment; Disclosure to be made by Directors of interest in contracts as stated in Section 193 of the Companies Act.

On an annual basis, the Board sets financial and non-financial performance targets for the Company. The Board meets on a quarterly basis, or as required, to review the Company's financial performance against established targets, and to examine the strategic initiatives geared towards achieving the Company's objectives.

Committees of the Board of Directors

Audit Committee

This Committee consists of four (4) members of the Board including Jacqueline Somers (Chairperson), Sharon Donaldson-Levine, Richard Rogers and Anna Maria Graham. Two (2) of these members are Independent Directors. The Audit Committee is governed by its Charter which is reviewed every two (2) years in keeping with all the principles of corporate governance. The Committee is mainly responsible for the following:

a .Monitoring the integrity of the financial statements;

b. Reviewing the internal financial control systems;

c. Reporting to the Board, identifying any matters which may require action or improvement and making recommendations on steps to be taken;

d. Considering the need for an internal audit function and monitoring and reviewing the effectiveness of the internal audit activities, if the function is deemed necessary; and

e. Ensuring that there are arrangements in place for the proportionate and independent investigation of any possible improprieties in matters of financial reporting or other matters.

The Audit Committee ordinarily meets quarterly to discuss the Audited and Unaudited Financial statements to ensure compliance with the International Financial Reporting Standards and the Junior Market Rules of the JSE. This year, the Committee met four (4) times for the year to discuss matters related to financial reporting to the JSE, recommendation of approval for the yearly budget, dividend payments to shareholders and to review recommendations from the internal audit review.

Compensation Committee

This Committee consists of four (4) members of the Board of Directors including Metry Seaga (Chairman), Radcliff Knibbs, Hugh Graham and Daniel Chin. It comprises two (2) Independent Directors and two (2) Non-Independent Directors respectively. The Compensation Committee, similarly to the Audit Committee is governed by a Charter, and ordinarily meets twice per year. The Committee is responsible for the following: -

i. Providing packages to Directors to attract, retain and motivate them, without paying more than is necessary for that purpose;

ii. Judging where to position the Company relative to other companies in relation to remuneration, taking into account relative performance;

iii. Taking account of compensation to staff members and employment conditions; and

iv. This year, the Committee met three times to discuss matters related to compensation evaluation for management and staff members.

Annual General Meetings

The Company remains compliant with Companies Act and its Articles of Incorporation by holding its General meetings with shareholders annually and communication with shareholders corporate decisions are shared on a timely basis through the websites of the Jamaica Stock Exchange (JSE) and the Company and also circulated in the the newspaper. Full shareholder participation is anticipated and appreciated.

Round Robin Resolutions

In the event that an urgent decision is required before the next scheduled meeting of the Board, a round robin may be circulated to all Directors. All Directors are required to approve the resolution. Subject to Article 115 of the Articles of Incorporation of the Company, a resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the board of directors, or a meeting of a committee of the board of directors, shall be as valid and effectual as if it had been passed at a meeting of the board of directors, or a meeting of a committee of the board of directors, duly convened and held.

Summary of Attendance Register for Meetings held for the Financial Year Ended May 31, 2023

Directors Board	Board Meetings	Audit Committee	Compensation Committee
Radcliff Knibbs	4	-	3
Hugh Graham	4	-	3
Sharon Donaldson-Levine	3	3	-
Richard Rogers	3	3	-
Daniel Chin	3	-	2
Anna Maria Graham	4	3	-
Metry Seaga	4	-	3
Jacqueline Somers	4	3	0
Emanuel DaRosa	4	-	-

During the period, the Board of Directors met four (4) times, in a hybrid (physically and electronically) manner, to fully ventilate a number of key issues that arose. Some of these issues included the internal audit review and the approval of all financial matters.

Enterprise Risk Management & Internal Controls

The Board of Directors and Management understand the importance of implementing and maintaining a robust system for internal controls. Over the years, the Company has developed its policies and procedures to identify and manage risks. These practices have been essential to the overall growth and sustainability of the Company. The Company has adopted an integrated approach to risk management, as we assess risk factors throughout all processes Company-wide.

With the emerging changes in customer needs, industry disruption and changes in regulatory requirements, the Company was driven to improve its internal controls. As a result, recommendations were made by the Audit Committee and implemented and the process continues. The Company undertook a more in-depth audit to interrogate its inventory, information technology and financial controls. The objectives of the internal audit were to ensure that there were a number of control activities undertaken throughout the Company to achieve: -

a. Mitigation of risks at varying levels;

b. Safety of assets Company-wide;

c. Maintenance of records based on good practices; and

d. Improvement in policy development and good practice controls.

The Management team during the year timely responsed to therecommendations from the Audit Committee and provided approved timelines for the implementation of agreed changes of controls. In the upcoming year, the Board will continue to improve on the existing framework to drive a robust process for the identification, management and evaluation of risks faced and systems developed.

Risks are inherent to the operation of a business. The emphasis will be on managing the risks through knowledge based informed decision making. The Company remained mindful of the risks which it had to manage, transfer, accept or mitigate. They include as follows: -

i. Credit Risk

The Company is exposed to credit risk, which is the risk that its customers, clients or counterparties will cause financial loss by failing to discharge their contractual obligations. Credit exposures arise principally from the receivables for products sold. The internal controls have been boosted to extend credit limits based on the customer based, whether it be to the public or private sectors.

ii. Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to fulfill commitments to lend. The Company's liquidity management process includes: -

· Monitoring future cash flows and liquidity daily.;

· The appropriate matching of assets and liabilities;

· Maintaining committed lines of credit; and

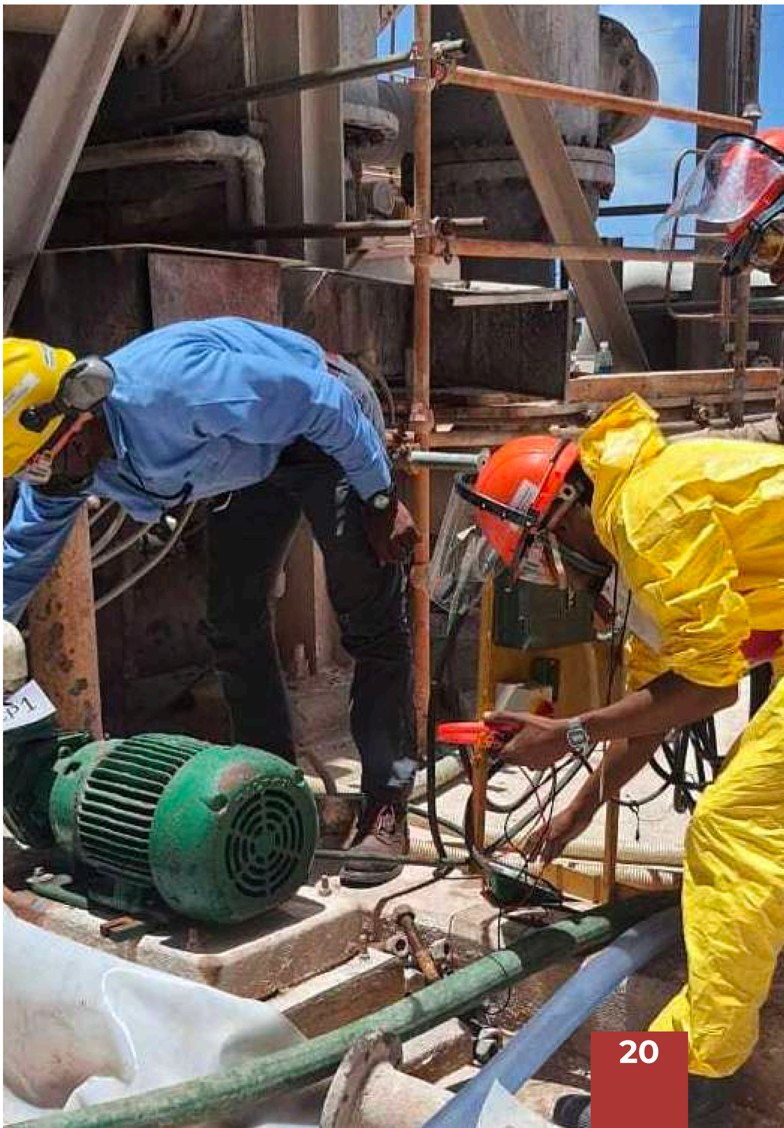
· Optimizing returns on investments.

iii. Market and Interest Rate Risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. The Company is exposed to interest rate risk arising from its variable rate borrowings. This is managed through the monitoring of rate exposure and taking into consideration the options of refinancing, renewal of existing positions and alternative financing. The Company has continually services its debt comfortably and refinanced where necessary due to this risk.

iv. Reputational Risk

Reputational risk is the potential that negative publicity, whether true or false regarding the companies' business practices, action or inaction will or may cause a decline in its value, liquidity, or customer base and earning potential. The Board of Directors and Management oversee this risk by being proactive in communication with shareholders and stakeholders.



v. Operational Risk
Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Some examples of operational risk are fiduciary or disclosure breaches, technology failure and environmental risk. The Company's management framework supports the mitigation of operational risk by establishing the standards for assessment, management, monitoring for environmental safety practices, and the provision of assurance that the risk and internal controls frameworks are operating as intended.

Regulatory Requirements

During the year, the Company was fully compliant with the rules of the Jamaica Stock Exchange (JSE), including any disclosure requirements, insider trading regulations and other Junior Market rules. The Quarterly and Annual Financial Statements for the period were all submitted to the JSE within the stipulated periods.

Investor Relations

The Company remains committed to having open dialogue and channels of communication with our shareholders. As our shareholders and other stakeholders are important to us, we ensure that there is adequate and timely dissemination of information to the public, by posting information on the Jamaica Stock Exchange and social media sites such as Instagram, placing notices in the daily newspapers, and uploading on its website at www.paramountjamaica.com. The Company also host its Annual General Meetings, where shareholders are given the opportunity to raise questions and concerns. All stakeholders are encouraged to contact us via email at paramount@paramountjm.com. As we move into the new financial year, we look forward to our launch into digital transformation with the aim of improving communication between the Company and its stakeholders.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis (MDA) is to be read in conjunction with the audited financial statements for the period ending May 31, 2023. Management is responsible for the integrity and presentation of the Management Discussion and Analysis (MD&A). The financial information presented below is in Jamaican Dollars (JMD). The MD&A provides an analysis for the reporting period June 1 – May 31 which was prepared by management with consideration of relevance and materiality. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Financial Performance

Founded in 1991 by Chief Executive Officer Hugh Graham, along with Directors Daryl Fong Kong and Richard Rogers, Paramount Trading (Ja.) Ltd. began as a manufacturers› representative and commissioned agent in Kingston, Jamaica. Since then, we have grown into a publicly traded company on the Junior Stock Exchange, with our listing in 2012. With our headquarters located at 39 Waltham Park Road, Kingston 13, and a total of four locations, we have established ourselves as a prominent manufacturer and distributor of chemical raw materials. We are proud to be the leading distributors of SIKA Construction Products and operate as both a manufacturer and distributor under license for the Altra brand of Lubricants. Our services cater to a wide range of industries, including food and beverage, construction, hospitality, bauxite, mining, energy and more.

Paramount's revenue grew by 44%, or $746.94 million, over the previous year, reaching a new company record of $2.46 billion. This remarkable growth was primarily driven by our core chemicals, construction, and transportation business segments, all of which showed significant improvements compared to the prior year. The bulk of the revenue increase was attributed to the core chemicals segment, which experienced a significant 50% jump, reaching $1.77 billion. Meanwhile, the construction segment doubled from $146.03 million to $344.32 million. However, the manufacturing and lubricant segments saw a marginal decline, with revenues reaching $157.36 million and $166.31 million, respectively. This decline was influenced by reduced market demand for sanitation products and challenges in the global supply chain, affecting the availability of key components such as base oils and additives, ultimately leading to decreased output and sales volume.

NET PROFIT AFTER TAXES

$245M

41% INCREASE

EARNINGS PER SHARE **$0.159**

REVENUE GROWTH

+$746.94

44% INCREASE

CONSTRUCTION

BEST PERFORMING DIVISION

$344.32

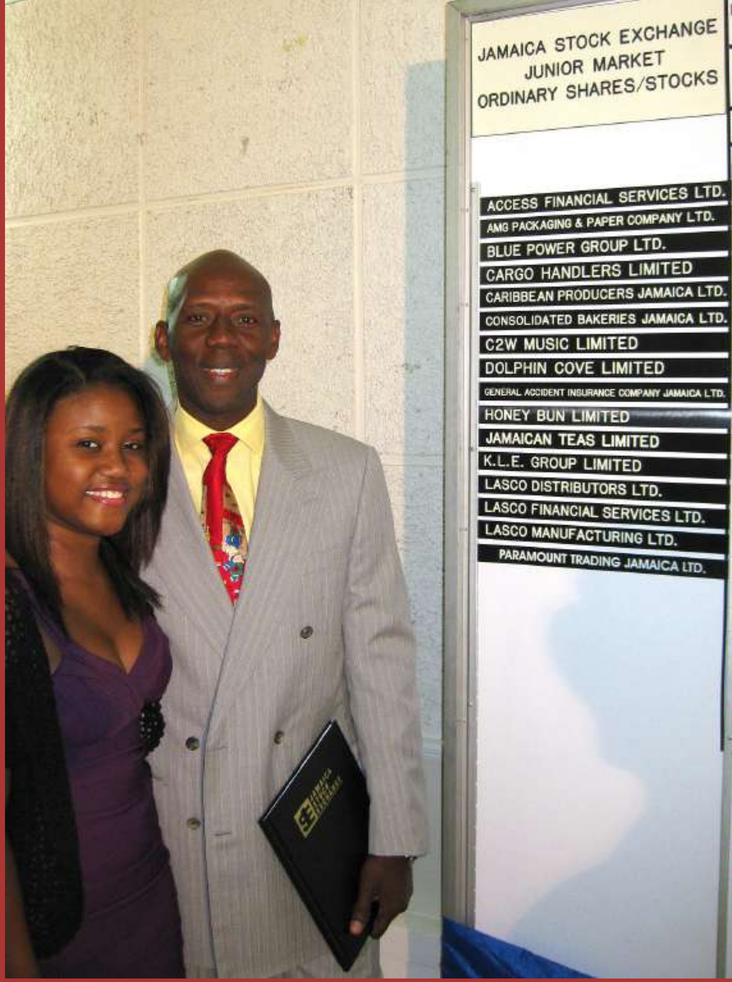
136% INCREASE

CHEMICALS

MAJOR REVENUE CONTRIBUTION

$1.77B

50% INCREASE



HUGH & ANNA MARIA GRAHAM

AT THE LISTING CEREMONY FOR
PARAMOUNT TRADING (JAMAICA) LIMITED

OPERATING EXPENSES

14% INCREASE

OPERATING EXPENSES : REVENUE RATIO

19%

5% IMPROVEMENT

Given Paramount operates in a price-sensitive market, our gross margins decreased from 32.76% to 29.27%, even with the notable 28% increase in gross profit to $721.27 million. Nevertheless, the team-initiated cost-reduction measures, explored alternative sourcing strategies, and capitalized on our pricing influence in critical markets to sustain volume growth and enhance our financial performance amidst the challenging external circumstances.

In the financial year 2023, our operating expenses increased by 14% to $467.78 million. This rise was primarily driven by higher spending on selling and distribution due to the improved and more predictable operating environment. Additionally, increased staff compensation, related to our revenue growth, contributed to the higher expenses. However, we effectively managed our expenses, achieving a positive outcome. While driving revenue growth, we successfully reduced the operating expenses to revenue percentage ratio from 24% the previous year to 19%.

Our net finance costs saw a marginal increase, reaching $47.04 million, primarily due to a decrease in finance income resulting from the redemption of certain fixed-income investments during the year. This contributed to a significant 56% rise in our profit before taxation, amounting to $290.72 million, marking a $104.41 million improvement compared to the previous year, reaching a historic high. However, with our tax remission expiring at the end of December, we became subject to the full 25% tax rate on our taxable income for the remaining five months of the financial year. This coincided with an excellent performance in our fourth quarter, leading to a substantial increase in our tax bill, which surged from $11.74 million to $45.31 million. Consequently, our net profit for 2023 stood at $245.41 million, reflecting a notable 41% improvement over the previous year and marking the first time our net profit surpassed the $200 million threshold. Earnings per share also increased, rising from $0.113 to $0.159.

Financial Position

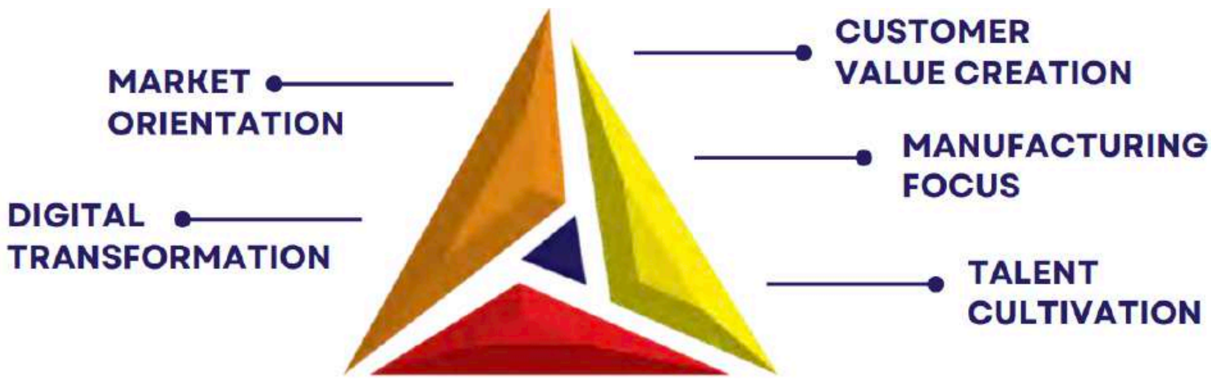
Our asset base experienced a 15% growth, moving from $1.93 billion to $2.22 billion, marking the first time in our history that our assets have surpassed the $2 billion milestone. This growth was primarily driven by a 38% improvement in our current assets, which climbed from $1.13 billion to $1.56 billion. A significant portion of this expansion can be attributed to a 125% increase in our receivables, moving from $331.56 million to $744.73 million. This strategic decision allowed us to expand our customer base and extend credit terms to key partners. Our inventory balance also increased by ten percent to reach $739.75 million, driven by inflation-induced carrying costs and our proactive stocking of additional manufacturing raw materials to meet the heightened demand from new customers and ensure our resilience in the face of unforeseen supply chain disruptions. While our cash and cash equivalents decreased from $125.55 million to $68.86 million, it›s important to note that this change was influenced by the substantial increase in inventories and receivables, both critical components of our business.

On the liability side, total liabilities experienced a slight increase, rising from $1.02 billion to $1.09 billion, primarily due to our increased tax expenses, which were listed as a payable line item at the end of the 2023 financial year. To support our general operations, the company successfully secured new financing, particularly for the purchase of motor vehicles. Overall, long-term debt remained relatively stable at $400.18 million for the year.

Shareholders' equity increased 24% to $1.13 billion, reaching a milestone by exceeding the $1 billion mark for the first time. In alignment with our growth-oriented strategy, no dividends were declared in 2023. Furthermore, our company›s stock price demonstrated robust performance, climbing from $1.90 to $2.18 over the fiscal year, representing a 15% increase. This upward trajectory propelled our market capitalization to $3.36 billion.

STRATEGIC PILLARS

The Company is committed to implementing the following five major development Strategic Pillars:



Risk Management

Credit Risk: Paramount extends credit to clients within an established framework and maintains regular assessments and reviews of these terms. This involves the vigilant monitoring of aging receivables and following up on overdue accounts to promptly address any potential payment issues. Discounts and incentives are offered for the early settlement of receivables to further optimize our cashflow.

Paramount's receivable balance effectively doubled as we expanded our customer base and deepened our relationships with strategic partners. The five largest customers represented 28 per cent of trade receivables or $210.84 million. 85 per cent of the trade receivables remained under 90 days despite a 15 per cent increase in the gross carrying amount of balances above 90 days. We also saw a 53 per cent reduction in the doubtful accounts relative to total receivables, which signified our proactive management for potential losses. Most of our business is concentrated with customers in manufacturing, wholesalers and retailers while the remaining balance is with the government and bauxite sector.

Financing Risk: Paramount Trading has different debt maturities which are set to mature over the coming years. The company remains compliant with loan covenants established by our financing partners. The Audit committee and Board of Directors will discuss the situation surrounding the $300 million loan which is currently listed as a current item with a maturity timeline of April 2024. The company's debt to equity ratio improved from 0.44 times to 0.36 times which demonstrates that the company remains deliberate with how much leverage it employs.

Supply Chain Risk: The company relies on its suppliers to provide raw materials to provide the key inputs which are necessary for our business. While we can make a request several months ahead based on internal projections, the impact of geopolitical or trade events can delay the delivery of inventory which will impact different operating segments. These developments impacted on the manufacturing and lubricants operating segments during the financial year, which has pushed the company to look at alternative sourcing strategies to reduce this risk to our business.

Macroeconomic Highlights

The economy grew 4.7 per cent for fiscal year 2022/2023 relative to the prior fiscal year. For the fourth quarter of the fiscal year, the goods producing industry recorded a 1.0 per cent improvement which was largely driven by mining and quarrying which was up 115 per cent. The manufacturing sector experienced a 3.6 per cent improvement in the fourth quarter. The services industry recorded 5.4 per cent growth in the fourth quarter.

The Bank of Jamaica increased its policy rate from 5.0 per cent to 7.0 per cent over the 2023 financial year along with increasing the cash reserve requirements in its bid to stem inflation

and maintain a sound monetary policy. Jamaica's net international reserves increased from US$3.76 billion to US$4.21 billion over the same timeframe with this representing 38 weeks of goods imports and 26 weeks of good and services imports. The foreign exchange rate against the United States Dollar depreciated from $154.74 to $155.83.

Jamaica's unemployment rate improved from 6.0 per cent at the end of April 2022 to 4.5 per cent in April 2023 which meant that more persons were employed over the period from 1.27 million persons to 1.31 million persons. Jamaica also benefited from record air traffic through our two core international airports during the period which demonstrated the interest of international visitors in visiting the island.

Outlook

A decade ago, we took a major step by listing on the Junior Market. We are confident that we will continue to achieve remarkable growth in the coming decade as we take our company to the next level. Our strategy includes a deliberate focus on manufacturing and exports to diversify our business. This approach is underpinned by a commitment to leveraging technology and digitizing our processes, with the goal of quadrupling our earnings. Data serves as our guiding language for planning and shaping our future decisions.

Paramount is actively exploring new contract manufacturing agreements with industry players to expand our product portfolio and bolster our market presence. We remain open to various avenues for business growth, including mergers, acquisitions, and asset purchases. The Caribbean, our vibrant melting pot, offers a wealth of opportunities, and our decades of experience in contract manufacturing, coupled with strong relationships with major chemical firms globally, position us for success. Additionally, we are expanding our export capabilities through Export Max III, a collaboration between the Jamaica Manufacturers and Exporters Association (JMEA) and Jamaica Promotions Corporation (JAMPRO), which provides crucial support and guidance to small and medium-sized enterprises (SMEs) in the export sector.

We are looking to expand our physical space in the medium term while also exploring opportunities to consolidate our operations where available, aiming to enhance operational efficiency. This expansion will be carefully assessed to ensure that we can fully optimize our capacity while pursuing our growth strategy.

With our ten-year tax remission coming to an end, it›s important for shareholders, analysts, and the public to understand that our taxation line will significantly differ for comparative purposes in the upcoming quarters of the 2024 financial year. At the end of 2013, Paramount had an asset base of $465.83 million, generated revenue of $642.13 million, and achieved $83.54 million in profit before taxation. We have experienced substantial growth since then and encourage other companies to consider listing on the Junior Market. We take pride in the benefits we've gained from the Junior Market platform over the last decade, enabling us to expand our business, generously reward shareholders, and contribute more to government tax revenue.

Jamaica was recently upgraded by S&P Global Credit Ratings to BB–, bringing us three steps closer to achieving investment grade status, which will attract significant new capital. Furthermore, a new phase of Highway 2000 has been completed, alongside various infrastructure projects aimed at enhancing connectivity and productivity throughout the country. Both the tourism and logistics sectors are experiencing an influx of new opportunities, aligning perfectly with our efforts to strengthen partnerships with cruise ships and vessels.

We eagerly anticipate meeting our shareholders at the upcoming AGM and extend a warm welcome to everyone interested in connecting with us to learn more about the direction we are poised to pursue in our pursuit of excellence. The future of Jamaica shines brightly, and we are fully prepared to thrive in this tropical paradise.

FIVE YEAR FINANCIAL REVIEW

PROFIT AND LOSS ACCOUNT

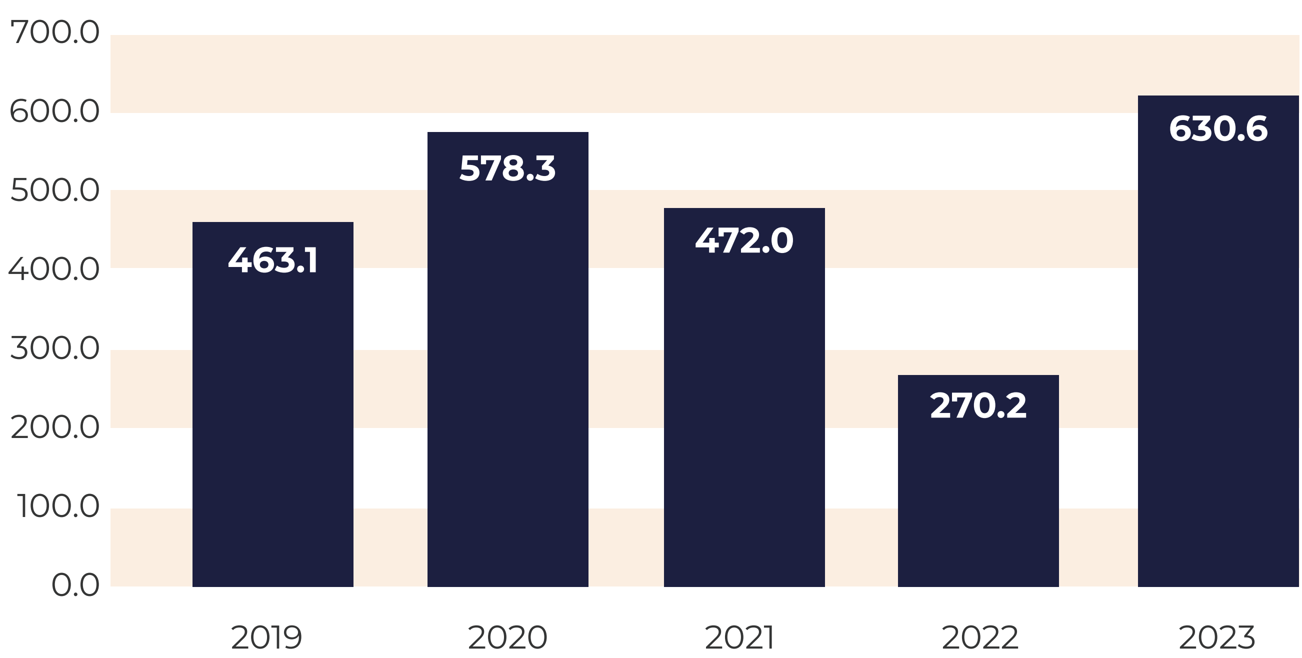
	2019	2020	2021	2022	2023
Sales revenue ($)	1,595,644,995	1,515,582,258	1,437,596,767	1,716,938,666	2,463,873,384
% change over prior year	14	(5)	(5)	19	44
Direct expenses	1,093,782,137	1,047,403,570	983,196,477	1,154,528,111	1,742,604,833
% of Sales	69	69	68	67	71
Gross Profit	501,862,858	468,178,688	454,400,290	562,410,555	721,268,551
% change over prior year	18	(7)	(3)	24	28
Administrative expenses	401,762,914	366,884,429	355,137,380	391,288,249	436,096,581
% change over prior year	24	(9)	(3)	10	11
Selling & Distribution expenses	19,945,137	18,811,448	10,545,683	17,638,391	31,686,732
% change over prior year	(33)	(6)	(44)	67	80
Operating Expenses	421,708,051	385,695,877	365,683,063	408,926,639	467,783,313
% change over prior year	20	(9)	(5)	12	14
Net Finance costs	21,523,883	45,401,281	45,481,427	46,696,185	48,790,157
% change over prior year	68	111	0	3	4
Profit before Tax ($)	75,621,619	62,018,240	65,917,858	186,308,272	290,722,330
% change over prior year	13	(18)	6	183	56
Taxation ($)	12,978,521	8,998,751	2,280,519	11,738,150	45,308,433
Depreciation ($)	45,033,157	45,031,782	47,493,669	43,218,044	41,808,757
% change over prior year	6	(0.003)	5	(9)	(3.26)
Profit after Tax ($)	62,643,099	53,019,489	63,637,339	174,570,123	245,413,897
% change over prior year	7	(15)	20	174	41
Ratios:					
Earnings per share ($)	0.04	0.03	0.04	0.11	0.16
Net Profit Margin (%)	4.7	4.1	4.6	10.9	11.8
Operating Expenses/Revenue	26	25	25	24	19
Gross Profit Margin (%)	31.5	30.9	31.6	32.8	29.3

FIVE YEAR FINANCIAL REVIEW

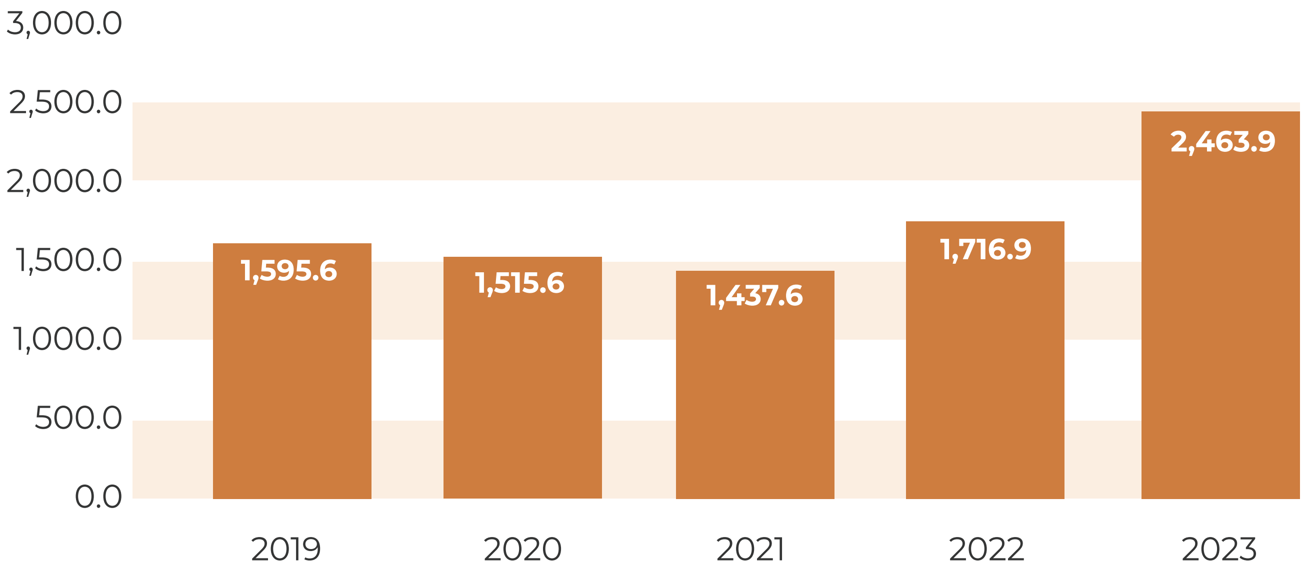
FINANCIAL POSITION

	2019	2020	2021	2022	2023
Non current assets	611,736,907	726,391,042	815,051,812	796,258,960	658,571,539
% change over prior year	90	19	12	(2)	(17)
Current assets	968,036,768	1,136,375,234	836,355,529	1,128,748,953	1,560,457,215
% change over prior year	7	17	(26)	35	38
Total assets ($)	1,579,773,675	1,862,766,275	1,651,407,341	1,925,007,913	2,219,028,754
% change over prior year	29	18	(11)	17	15
Current liabilities	504,894,457	558,109,681	364,344,475	858,501,010	929,827,914
% change over prior year	18.1	10.5	(34.7)	135.6	8.3
Non current liabilties	333,509,988	510,267,875	490,735,490	157,308,086	158,196,599
% change over prior year	444	53	(4)	(68)	1
Total Liabilities ($)	838,404,445	1,068,377,556	855,079,965	1,015,809,096	1,088,024,513
% change over prior year	72	27	(20)	19	7
Shareholders› Equity($)	741,369,230	794,388,719	796,327,376	909,198,817	1,131,004,241
% change over prior year	0	7	0	14	24
Ratios:					
Return on assets (%)	4.0	2.8	3.9	9.1	11.1
Current ratio	1.9	2.04	2.30	1.31	1.68
Debt to equity ratio	45.0	64.2	61.6	17.3	14.0
Working Capital	**463,142,311**	**578,265,553**	**472,011,054**	**270,247,943**	**630,629,301**

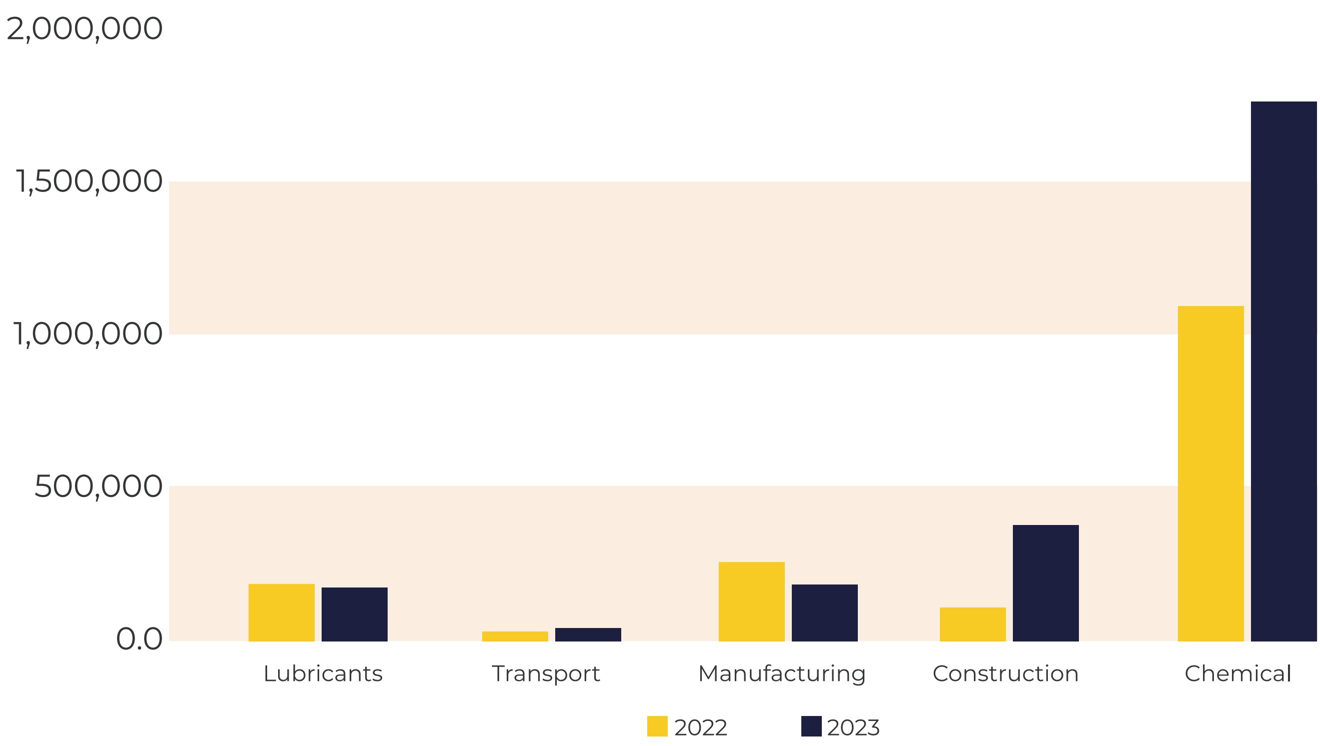
WORKING CAPITAL J$MIL



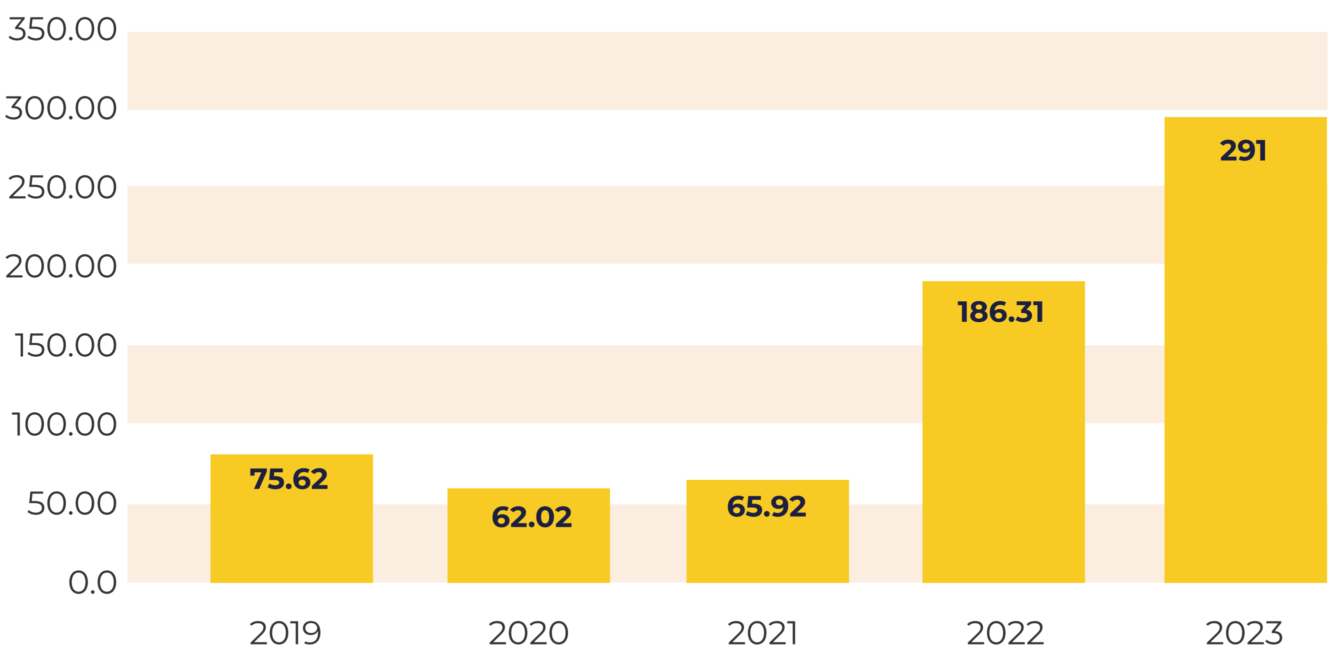
SALES REVENUE J$MIL



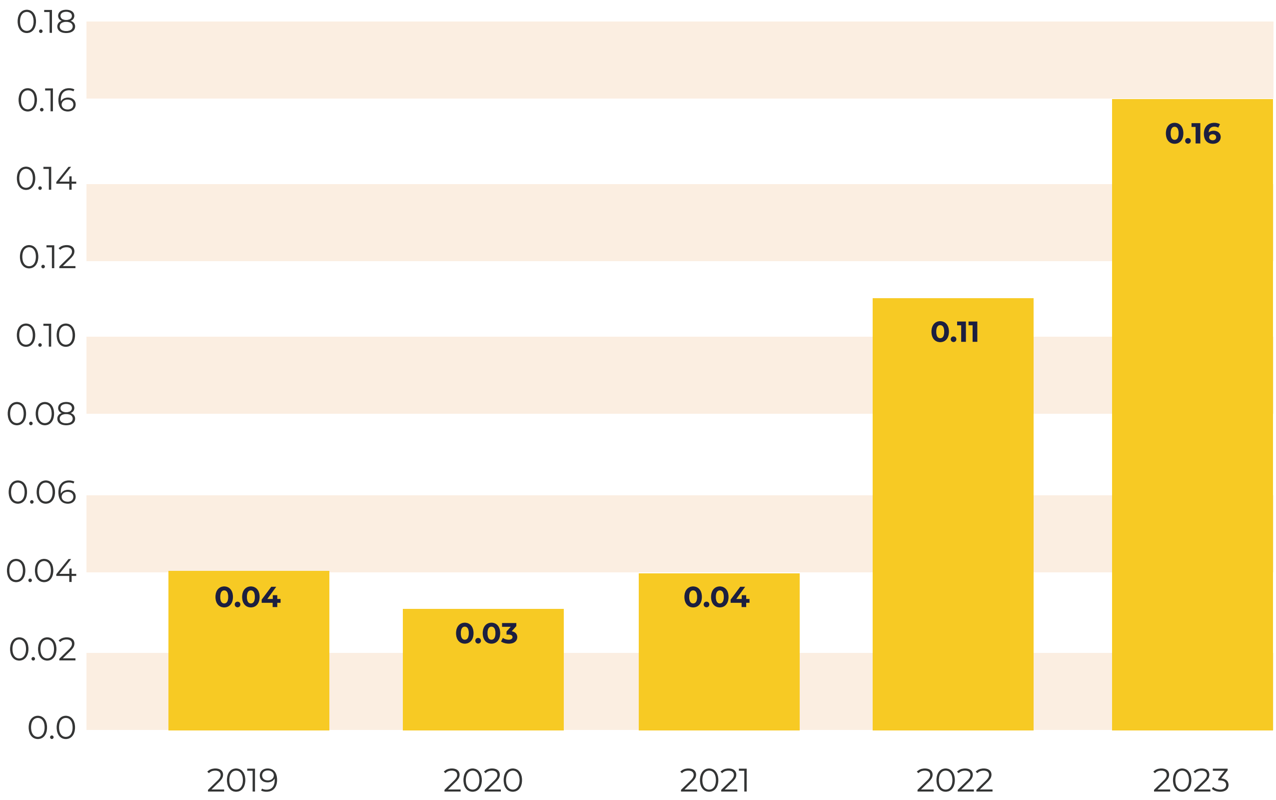
REVENUE BY BUSINESS SEGMENT J$MIL



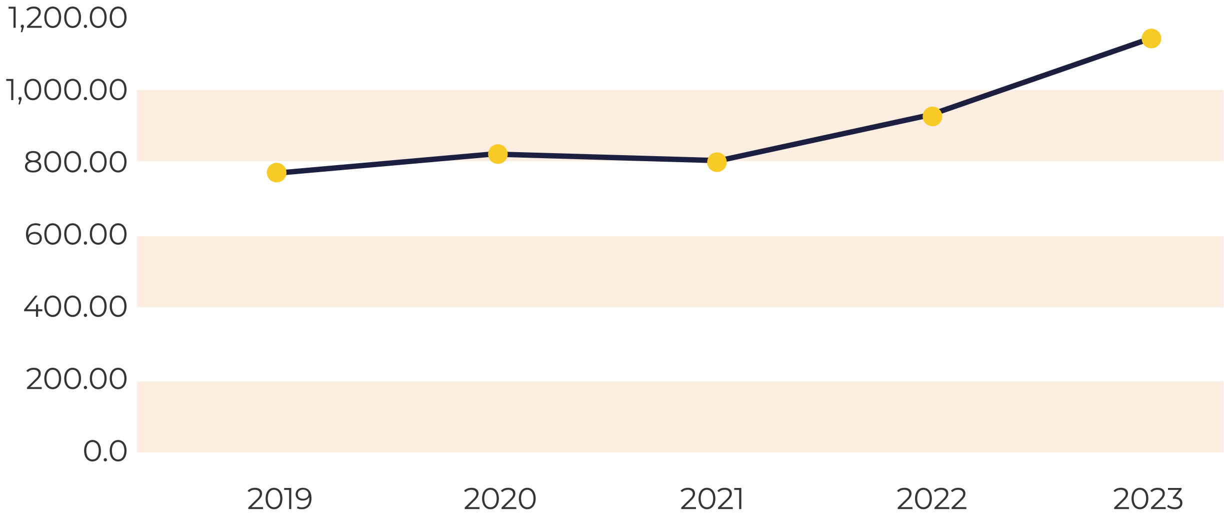
PROFIT BEFORE TAX J$MIL



EARNINGS PER SHARE J$



EARNINGS PER SHARE J$



Shareholders' Equity ($)	741.37	794.39	796.33	909.20	1,131.00

Sweeteners

*High Fructose Corn Syrup

*Sucralose

*Aspartame

*Acesulfame K

*Dextrose Monohydrate

(Artificial Sweetener)

CORPORATE SOCIAL RESPONSIBILITY

At Paramount Trading, we have always considered our Corporate Social Responsibility (CSR) to be an integral part of our business strategy. In 2023, we continued our commitment to making a positive impact in the communities in which we operate, while fostering a sustainable business environment. This report highlights our efforts in three key Corporate Social Responsibility (CSR) areas: Talent, Health and Well-being, and Regulations & Environment.

PEOPLE & COMMUNITY

Investing in Our Workforce

Our employees are at the heart of our success, and we remain dedicated to their growth and well-being. In 2023, we continued to provide a wide range of training programs, helping our team members acquire new skills and further their careers. Through these efforts, we increased our investments in employee development.

Engagement

We have reimplemented the CEO Awards to promote a return to core values and well-being. The awards mainly covered Initiative, Outstanding Work and Safety with awards regularly given during our Monday morning assembly and staff meeting. These awards proved highly successful in strengthening safety and innovation initiatives and provided employees with a motivation to do more. We are thrilled to report a noticeable uptick in peer-to-peer recognition, which underscores our commitment to a culture of appreciation and care for each other.

Equal Opportunity and Diversity

We believe that a diverse and inclusive workforce drives innovation and strengthens our company. In 2023, we focused on increasing diversity across all levels of our organization. Our recruitment practices were enhanced to ensure equal opportunities for all candidates. This resulted in an increase in the hiring of female employees in leadership roles.

Community Engagement

Our commitment to talent extends beyond our organization; we continued our partnerships with educational institutions, offering internships and mentorship programs to help nurture the next generation of talent.

We also extended Back-to-School book stipends to members of our team with children between the ages 6 and 18 years.

Paramount proudly hosted its 19th staging of its Annual Waltham Park Community Christmas Treat. This greatly anticipated event hosts over 1,500 persons Including approximately 900 children between the ages of 3-18 from the Waltham Park community and surrounding areas. These numbers continue to grow every year.

The children of the community enjoy a fun filled day of activities, rides, competitions, games, spot prizes, food and drinks from our partners and performances from performing and recording artistes. This has been one of the biggest social events of the year for the community for over a decade.

Health and Well-Being

The health and well-being of our employees are paramount. In 2023, our Wellness program revolved around offering activities to support physical and mental health. This program resulted in a 25% reduction in absenteeism due to health-related issues and a notable increase in overall employee satisfaction.

Safety remains a top priority in our operations. We implemented comprehensive safety training and awareness programs, leading to a decrease in workplace accidents. Additionally, our ongoing commitment to sustainability included efforts to reduce our environmental footprint through efficient waste management and resource conservation.

REGULATIONS & THE ENVIRONMENT

Paramount Trading adheres to the highest standards of ethics and compliance. In 2023, we conducted internal audits to ensure our practices aligned with evolving regulations. This commitment to regulatory compliance not only ensures our business›s integrity but also builds trust among our stakeholders.

In conclusion, our 2023 Corporate Social Responsibility (CSR) efforts reflect our unwavering commitment to making a positive impact on our employees, communities, and the environment. As we look ahead, we remain dedicated to these principles, aiming to create a sustainable and prosperous future for all.






1991

Founded by Hugh Graham offering Food Grade Chemicals and Haulage & Delivery Service

1997

Added Technical Grade Chemicals

2011

Added Construction Specialty Chemicals

2012

Distribution of Altra Brands Lubricants

Went Public on the Jamaica Junior Stock Exchange

2016

Celebrated Our 25th Anniversary

2018

Commenced blending lubricants locally

Commenced bleach production

2019

Official Launch of Lubricant Plant

PARAMOUNT
Jamaica

AUDIT & FINANCIALS STATEMENTS

YEAR ENDED MAY 31, 2023

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McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

Independent Auditor's Report

To the Members of
Paramount Trading (Jamaica) Limited

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Paramount Trading (Jamaica) Limited (the Company) as at May 31 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 May 2023
- the statement of comprehensive income for the year then ended
- the statement of cash flows for the year then ended
- the statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include significant accounting policies and explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatements in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud or error.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole and informing our opinion thereon. We do not provide a separate opinion on these matters. During our work, we encountered no key audit matter that required disclosure.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibility for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- We are not responsible for the direction, supervision, and performance of the Company. We remain solely responsible for our audit opinion.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report inclusive of the Director's, Chairman of the Board and the Chief Executive Officer Reports but does not include the financial statements and the Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appear to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Janice McKenley.

McKenley & Associates

Chartered Accountants
Kingston, Jamaica
July 27, 2023

Paramount Trading (Jamaica) Limited
Statement of Financial Position
31 May 2023

	Note	2023 $	2022 $
Assets			
Non-current assets			
Property, plant and equipment	14	551,029,165	549,083,393
Right-of-use assets	14	55,518,051	64,771,060
Investments	15	52,024,323	182,404,507
Current assets			
Inventories	16	739,752,598	670,840,560
Taxation recoverable		7,105,112	802,446
Receivables	17	744,734,802	331,558,858
Cash and cash equivalents	18	68,864,703	125,547,089
		1,560,457,215	1,128,748,953
Current liabilities			
Payables	19	553,372,092	520,304,409
Taxation payable		36,164,532	-
Current portion of long-term borrowings	20	329,536,900	328,780,435
Current portion of lease liability	20	10,754,390	9,416,166
		929,827,914	858,501,010
Net current assets		630,629,301	270,247,943
Total assets less current liabilities		1,289,200,840	1,066,506,903
Equity			
Issued capital	21	77,492,243	77,492,243
Retained earnings		1,053,511,998	831,706,574
		1,131,004,241	909,198,817
Non-current liabilities			
Long term borrowings	20	70,643,283	71,153,880
Lease liability	20	58,428,444	66,173,236
Deferred tax liability	22	29,124,872	19,980,970
Total equity and non-current liabilities		1,289,200,840	1,066,506,903

Approved for issue by the Board of Directors on July 27, 2023 and signed on its behalf by:

Hugh Graham - Chief Executive Officer

Jacqueline Somers - Director

Paramount Trading (Jamaica) Limited
Statement of Profit or Loss and Other Comprehensive Income
Year ended 31 May 2023

	Note	2023 $	2022 $
Gross operating revenue	4	2,463,873,384	1,716,938,666
Less direct expenses	5	1,742,604,833	1,154,528,111
Gross profit		721,268,551	562,410,555
Other operating income	6	84,279,847	75,859,347
		805,548,398	638,269,902
Less operating expenses			
Administrative	9	436,096,581	391,288,249
Selling & distribution	9	31,686,732	17,638,391
		467,783,313	408,926,640
Profit before finance income and costs		337,765,085	229,343,262
Finance income	10	1,747,402	3,661,195
Finance costs	10	(48,790,157)	(46,696,185)
Net finance costs		(47,042,755)	(43,034,990)
Profit before taxation		290,722,330	186,308,272
Taxation	11	45,308,433	11,738,149
Profit for the year being total comprehensive income		245,413,897	174,570,123

		$	$
Earnings per share	12	**0.159**	**0.113**

Paramount Trading (Jamaica) Limited
Statement of Cash flows
Year ended 31 May 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Net profit		245,413,897	174,570,123
Adjustments for:			
Depreciation	14	41,808,757	43,218,044
Depreciation- right of use assets	14	9,253,008	9,253,008
Income tax expense	11	45,308,433	11,738,149
Interest Income		(1,767,402)	(3,661,195)
Interest expense		48,790,157	46,696,185
Gain on sale of assets		(500,000)	(1,050,000)
Prior year adjustment	27(ii)	(23,608,473)	-
Operating cash flows before movements in working capital		364,698,377	280,764,314
Changes in operating assets and liabilities:			
Inventories		(68,912,038)	(258,062,090)
Receivables		(413,175,944)	(8,671,047)
Payables		33,067,683	203,176,594
Taxation paid		(6,302,667)	(550,471)
		(455,322,966)	(64,107,014)
Cash generated from operations		(90,624,589)	216,657,300
Interest received		1,767,402	3,661,195
Interest paid		(48,790,157)	(46,696,185)
Net cash flow (used by) / provided by operating activities		(137,647,342)	173,622,310
Cash flows from investing activities:			
Purchase of property, plant & equipment	14	(43,754,529)	(21,509,850)
Proceeds from sale of assets		500,000	1,050,000
Net cash used in investing activities		(43,254,529)	(20,459,850)
Cash flows from financing activities:			
Dividends paid	13	-	(61,698,682)
Loans received		25,725,000	-
Loans repaid		(31,885,699)	(44,683,165)
Net cash used in financing activities		(6,160,699)	(106,381,847)
Net (decrease) / increase in cash resources		(187,062,570)	46,780,616
Cash resources at the beginning of the year		307,951,596	261,170,980
Cash resources at the end of year		120,889,026	307,951,596
Represented by:			
Investments	15	52,024,323	182,404,507
Cash and cash equivalents	18	68,864,703	125,547,089
		120,889,026	307,951,596

Paramount Trading (Jamaica) Limited
Statement of Changes in Equity
Year ended 31 May 2023

	Note	No. of Shares	Share Capital $	Retained Earnings $	Total $
Balances at 31 May 2020		1,542,467,080	77,492,243	716,896,476	794,388,719
Profit for the year		-	-	63,637,339	63,637,339
Dividend	13	-	-	(61,698,682)	(61,698,682)
Balances at 31 May 2021		1,542,467,080	77,492,243	718,835,133	796,327,376
Profit for the year		-	-	174,570,123	174,570,123
Dividend	13	-	-	(61,698,682)	(61,698,682)
Balances at 31 May 2022		1,542,467,080	77,492,243	831,706,574	909,198,817
Profit for the year		-	-	245,413,897	245,413,897
Prior year adjustment	27 (ii)		-	(23,608,473)	(23,608,473)
Balances at 31 May 2023		1,542,467,080	77,492,243	1,053,511,998	1,131,004,241

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2023

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Paramount Trading (Jamaica) Limited was a private company limited by shares, incorporated in 1991 and domiciled in Jamaica. Effective December 31 2012, the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE), thereby becoming a public entity. The registered office of the Company is located at 39 Waltham Park Road, Kingston 13.

The Company's principal activity is the importation, distribution and manufacturing of chemicals, lubricants, and other related products. The Company also provides haulage services.

The Company operates a lubricant blending plant under franchise from Allegheny Petroleum Products, distributing lubricants to the transportation, manufacturing and industrial sectors. The Company license and supply and distribution agreement with Allegheny Petroleum Products Company permits the company to use formula trademark and related know-how exclusively for the manufacture of Allegheny lubricant in Jamaica with exclusive distribution rights to all member states of the Caribbean Community

The Company also has a license and distributing agreement with SIKA to market and distribute its line of construction and construction-related products. The product line includes anchoring, adhesives, and sealants primarily used in the building and construction sector.

Items included in the financials are measured using the functional currency of the primary economic environment in which the Company operates. The financial statements are presented in Jamaican dollars, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board (IASB) and comply with the Jamaica Companies Act.

New revised and amended standards that became effective during the year.

Certain amendments and clarifications to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new amendments and clarifications and has put into effect the following, which are immediately relevant to its operations.

- **Amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16,** (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS3,'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
  Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (Continued)

(a) Statement of compliance (continued)

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which were not yet effective for the Company at the statement of financial position date. The Company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. They include:

- **Amendments to IAS 1, 'Presentation of Financial Statements' on classification of liabilities** (deferred until accounting periods starting not earlier than 1 January 2024). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

- **Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction** (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

- **Amendment to IFRS 16- leases on sale and leaseback, (**effective for annual periods beginning on or after January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The Company has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective, whether relevant and adopted or not, will have no material impact on its operations.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (Continued)

(b) Basis of preparation:

The financial statements have been prepared on the historical cost basis, except for the following items, which are measured at fair value:

- Financial instruments at fair value through profit or loss;
- Revaluation of certain property, plant and equipment.

Revenues and expenses

Revenues and expenses are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and the statement of financial position are prepared on the assumption that there is no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis. Management believes that the preparation of the financial statements on the going concern basis continues to be appropriate.

(c) Use of estimates and judgements:

Judgments and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments and estimates that affect:

- The application of accounting policies;
- The reported amounts of assets and liabilities;
- Disclosures of contingent assets and liabilities; and
- The reported amounts of revenue and expenses during the reporting periods.

Actual results may differ from estimates made in the financial statements.
Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events, believed to be reasonable under the circumstances. Judgments and estimates are interrelated.

Management's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revision to accounting estimates is recognized in the period in which the estimates are revised and in the future affected periods. The use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (Continued)

(c) Use of estimates and judgments (continued):

The following are the accounting policies that are subject to judgments and estimates that management believes could significantly impact the amounts recognized in the financial statements.

Financial assets

Judgment – financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on (i) the company's business model for managing the financial assets and (ii) the contractual cash flow characteristic of the financial assets. Judgment is required in determining the business model and its objective.

Revenue from contract with customers

Judgment – is required in (i) identifying performance obligations and determining the timing of the satisfaction of the performance obligations and (ii) the transaction price and the amount allocated to the performance obligations.

Estimation – if the consideration promised in a contract includes a variable amount, the company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer.

Impairment of assets

At each reporting date, judgment has been used in determining whether there has been an indication of impairment in the carrying amounts of the Company's tangible and intangible assets, which would require impairment testing to determine whether there is any indication that those assets have suffered impairment losses.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of an asset is higher of fair value, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in comprehensive income. This is reversed only if there has been a change in the estimates used to determine the recoverable amount and not to exceed the original carrying amount before its impairment. The reversal is also recognized in the statement of comprehensive income.

Inventories

Estimation – Inventories are carried at the lower of cost and net realized value. The estimation of net realized value is based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realize. Additionally, estimation is required for inventory provision due to shrinkage, slow-moving, and obsolescence.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION (Continued)

(c) Use of estimates and judgments (continued):

Income and other taxes

Judgment – Income and other taxes are subject to Government policies. In calculating current and recoverable income and other taxes, management uses judgment when interpreting the tax rules and determining the tax position. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business

Estimation – Income and other taxes are subject to Government policies, and estimates are required in determining the provision. Management recognizes liabilities for possible tax issues based on estimates of whether additional taxes may be due.

Receivables – allowance for impairment losses on trade receivables

Estimation -

Allowances are determined upon the origination of the trade accounts receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables. Under the ECL model, the Company segments its accounts receivable in a matrix by the days due. It determines for each age bracket an average rate of ECL, taken into account history, actual credit loss experience over the last 60 months and analysis of potential future delinquency of each customer balance.

The average ECL rate increases in each segment of "days past due" as the days outstanding on the receivable balance increase and are reclassified to another age bracket. The use of future assumptions, based on experience that is applied to the balance makes uncertainty inherent in these estimates.

Post-employment benefits

Estimation – The accounting for the Company's post-employment benefit plan requires the use of assumptions. The Individual Retirement Account ("IRA") requires the Company to match the employees' contributions to the plan. Management's best estimates of future salary escalations, retirement ages of employees, employees' turnover, and contribution rates by employees are required.

Investment property

Judgment – Management applies judgment in determining whether a property qualifies as an investment property. Criteria are developed to allow management to exercise that judgment consistently.

Others

Estimation – Other estimates include determining the useful lives of property, plant and equipment for depreciation; in accounting for and measuring payables and accruals and in measuring fair values of financial instruments.

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2023

3. OPERATING SEGMENTS

The Company has five reportable operating segments: Chemicals, Construction and Adhesive, Manufacturing, Transportation, and Lubricants. The reportable operating segments are strategic business units offering different products and services. They are separately managed due to their distinct nature. The following summary describes the operations in each of the Company's reportable segments:

- The distribution of chemicals and chemical products for food and pharmaceutical additives and ingredients.
- The construction and adhesive business are the distribution of the SIKA branded products and adhesive and hardware supplies, i.e., concrete admixtures, waterproofing/moisture protection, sealants, floor and protective coating, and more.
- The manufacturing of food-grade; technical and industrial-grade chemicals for direct use or as raw materials; solvents, disinfectants, germicides, household laundry and cleaning products, paint resin, and many more.
- Transportation/Haulage business provides island-wide delivery solutions.
- The manufacture and distribution of oils and lubricants; engine oils and fluids, industrial oils and greases, hydraulic, transmission and other fluids.

Performance is measured based on segment gross profit as included in the internal management reports. Management has determined that this measure is the most relevant in evaluating segment results and allocating resources. Information regarding the results of each reportable operating segment is as follows:

- Chemicals, including sanitization products, account for over 72% (2022 – 69%) of revenue.
- Construction and Adhesives is a wholesale distribution outlet trading under the SIKA brand and is located on Bell Road, in Kingston, and accounts for approximately 14% (2022-9%) of revenue.
- Manufacturing operates from both the 39 Waltham Park Road (food grade) and 8 East Bell Road (technical grade) locations and accounts for approximately 6% (2022-11%) of revenue.
- Transportation division operates from 39 Waltham Park Road and accounts for approximately 1% (2022-1%) of revenue.
- Lubricants division accounts for approximately 7% (2022-10%) of revenue.

3. OPERATING SEGMENTS (Continued):

The tables below reflect the revenues generated by each segment of the business.

2023	Chemicals	Construction and Adhesives	Manufacturing	Transport	Lubricants	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenues	1,766,925	344,324	157,360	28,957	166,307	2,463,873
Cost of sales						1,742,605
Gross profit						721,268

The segment information presented by management does not provide a detailed analysis of the assets and liabilities related to the operations of the respective segments. Assets and liabilities are not assigned to each segment in the preparation of the Company's financial statements.

2022	Chemicals	Construction and Adhesives	Manufacturing	Transport	Lubricants	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenues	1,176,636	146,026	196,764	21,422	176,091	1,716,939
Cost of sales						1,154,528
Gross profit						562,411

4. REVENUE

Revenue represents the total invoice prices for the products sold by the different segments of the business along with revenue from the provision of trucking and haulage services, net of discount and returns and General Consumption Tax at 15% of the invoice value.

	2023	2022
	$	$
Sale of goods	2,434,915,567	1,695,517,179
Services rendered	28,957,817	21,421,487
	2,463,873,384	1,716,938,666

5. COST OF SALES

	2023	2022
	$	$
Distribution	1,212,185,755	861,988,987
Import charges including haulage	12,936,649	19,928,126
Construction	239,137,768	100,536,825
Allegheny	90,136,529	99,935,524
Manufacturing	177,239,634	63,872,604
Other costs	10,968,498	8,266,045
	1,742,604,833	1,154,528,111

6. OTHER OPERATING INCOME

Other operating income consists of the following:

	2023 $	2022 $
Rental income – warehousing	6,408,549	2,971,359
Foreign exchange gain	77,371,298	67,132,768
Gain on disposal of asset	500,000	1,050,000
Other	-	4,705,220
	84,279,847	75,859,347

Rental income is earned from unused warehousing space at the Company's Bell Road location.

7. OPERATING PROFIT BEFORE TAXATION

The following have been charged in arriving at operating profit:

	2023 $	2022 $
Audit and accounting	6,465,000	7,289,000
Directors' emoluments:		
Fees	3,663,743	2,712,500
Executive management remuneration	23,057,833	21,785,789
Bad debts expensed	17,381,632	12,000,000
Foreign exchange gains	(77,371,298)	(67,132,768)
Depreciation	41,808,757	43,218,044
Depreciation: right of use assets	9,253,008	9,253,008
Staff costs (excluding management remuneration)	182,674,303	150,870,448

The average number of persons employed full-time by the Company during the year was 67 (2022-71)

8. STAFF COSTS

	2023 $	2022 $
Salaries (excluding managements' remuneration)	144,983,851	122,174,115
Employer's payroll taxes	18,861,195	14,283,566
Staff welfare	18,829,257	14,412,767
	182,674,303	150,870,448
Executive management remuneration	23,057,833	21,785,789
	205,732,136	172,656,237

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2023

9. EXPENSES BY NATURE

	2023 $	2022 $
Cost of inventories recognized as expense	1,742,604,833	1,154,528,111
Selling, advertising, promotion, and distribution	14,305,100	5,638,391
Bad debts expenses	17,381,632	12,000,000
Subtotal: selling and distribution	31,686,732	17,638,391
Audit and accounting	6,465,000	7,289,000
Depreciation	41,808,757	43,218,044
Depreciation right of use assets	9,253,008	9,253,008
Repairs and maintenance	10,251,251	4,210,840
Staff costs	205,732,136	172,656,237
Motor vehicle expenses	5,303,961	6,426,203
Utilities	9,674,307	10,978,799
Insurance	34,194,932	30,339,748
Security	20,930,004	22,395,070
Rental	3,524,578	-
Other expenses	88,958,647	84,521,300
Subtotal: administrative	436,096,581	391,288,249
	2,210,388,146	1,563,454,751

10. FINANCE INCOME AND COSTS

	2023 $	2022 $
Finance income -		
Interest income	1,747,402	3,661,195
Finance costs -		
Interest expenses	40,161,800	39,421,218
Debt financing fees and expenses	8,628,357	7,274,967
	48,790,157	46,696,185

11. TAXATION

(a) Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at [12.5% (7 months) and 25% (5 months)], (2022 - 12.5%).

	2023 $	2022 $
Taxation for the year comprises:		
Current tax expense	36,164,531	9,502,450
Deferred tax (note 22)	9,143,902	2,235,699
	45,308,433	11,738,149

Effective 1 January 2018, the 100% tax remission for the first five (5) years after listing on the Junior Market (JM) of the Jamaican Stock Exchange (JSE) expired, and the Company was subject to income tax at 12.5% on 50% of its chargeable income. This 50% tax regime expired on 31 December 2022, and as a consequence, the Company is subject to tax at 25% of its taxable income for the five (5) months ended 31 May 2023.

11. TAXATION (Continued)

(b) The tax on the Company's profit differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2023	**2022**
	$	**$**
Profit before taxation	290,722,330	186,308,272
Tax calculation @25%	72,680,582	46,577,068
Adjustment for difference in treatment of:		
Depreciation and capital allowances	218,304	417,746
Net effect of other charges for tax purposes	(5,097,469)	(19,963,016)
Adjustment for the effect of remission of tax.	(19,775,414)	(17,529,348)
Employers tax credit	(11,861,472)	-
Tax charged for the year	36,164,531	9,502,450

(c) Remission of income tax:

By notice dated 13th August 2009, the Minister of Finance and the Public Service issued and gazette the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMJSE) if certain conditions were achieved after the date of initial admission.

Effective 31 December 2012, the Company's shares were listed on the Junior Market of the JSE. Consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below;

Years 1 to 5 (1 January 2013 - 31 December 2017) – 100%

Years 6-10: (1 January 2018 – 31 December 2022) – 50%

To be effective, the following conditions must be met:

(i) The Company remains listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.

(ii) The Subscribed Participating Voting Share Capital of the Company does not exceed J$500 million

(iii) The Company has at least 50 Participating Voting Shareholders

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions. The JMJSE (Remission) Notice expired 31 December 2022 and the Company is now subject to income tax on its corporate profits at 25%.

The total income tax remission over the 10-year period to 31 December 2022, amounted to approximately $176 Million. This amount is a contingent liability, as the Company has to remain listed until the expiration of the next five years, ending 31 December 2027.

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12. EARNINGS PER SHARE

Basic EPS is computed by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue for the year.

	2023	2022
	$	$
Net profit attributable to shareholders	245,413,897	174,570,123
Weighted average number of ordinary shares in issue	1,542,467,080	1,542,467,080
Basic earnings per share	0.159	0.113

13. DIVIDENDS

Declared and paid:	2023	2022
	$	$
Interim @ Nil (2022 – 4 cents) per share	-	61,698,682

No dividend payment was declared during the year.

14. PROPERTY, PLANT, AND EQUIPMENT

	2023										
	Equipment	**Capital Work-in-progress**	**Computer Equipment**	**Furniture & Fixtures**	**Buildings**	**Motor Vehicles**	**Forklift**	**Leasehold Improvement**	**Leased Vehicles**	**Total**	**Leased Assets Building Right of Use**
	$	$	$	$	$	$	$	$	$	$	$
At cost:											
1 June 2022	366,518,162	1,594,981	29,700,909	13,399,020	311,055,686	89,423,941	6,884,413	1,553,800	36,771,830	856,902,742	92,530,084
Transfer	-	-	-	-	-	24,689,862	-	-	(24,689,862)	-	-
Additions	9,875,745	82,477	2,258,020	577,161	2,450,000	28,511,126	-	-	-	43,754,529	-
Disposal	-	-	-	-	-	(140,000)	-	-	(3,245,356)	(3,385,356)	-
31 May 2023	376,393,907	1,677,458	31,958,929	13,976,181	313,505,686	142,484,929	6,884,413	1,553,800	8,836,612	897,271,915	92,530,084
Depreciation:											
1 June 2022	120,666,759	-	13,084,331	7,847,497	42,695,217	83,858,187	6,735,204	233,075	32,699,079	307,819,349	27,759,025
Charge for the year	18,229,461	-	2,815,294	1,125,640	7,776,396	8,286,699	149,207	154,965	3,271,095	41,808,757	9,253,008
Transfer	-	-	-	-	-	24,689,862	-	-	(24,689,862)	-	-
Relief on Disposal	-	-	-	-	-	(140,000)	-	-	(3,245,356)	(3,385,356)	-
31 May 2023	138,896,220	-	15,899,625	8,973,137	50,471,613	116,694,748	6,884,411	388,040	8,034,956	346,242,750	37,012,033
Net book value											
31 May 2023	237,497,687	1,677,458	16,059,304	5,003,044	263,034,073	25,790,181	2	1,165,760	801,656	551,029,165	55,518,051

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

2022	Equipment	Capital Work-in-progress	Computer Equipment	Furniture & Fixtures	Buildings	Motor Vehicles	Forklift	Leasehold Improvement	Leased Vehicles	Total	Leased Assets Building Right of Use
	$	$	$	$	$	$	$		$	$	$
At cost:											
1 June 2021	353,035,284	2,384,168	27,780,006	12,442,094	309,775,686	89,069,809	6,884,413	1,553,800	38,827,619	841,752,879	92,530,084
Capitalization of work-in-progress	9,802,213	(9,802,213)	-	-	-	-	-	-	-	-	-
Additions	3,680,665	9,013,026	1,920,903	956,926	1,280,000	4,658,330	-	-	-	21,509,850	-
Disposal	-	-	-	-	-	(4,304,198)	-	-	(2,055,789)	(6,359,987)	-
31 May 2022	366,518,162	1,594,981	29,700,909	13,399,020	311,055,686	89,423,941	6,884,413	1,553,800	36,771,830	856,902,742	92,530,084
Depreciation:											
1 June 2021	103,604,727	-	10,467,571	6,761,147	34,950,819	79,646,423	6,511,500	77,690	28,941,415	270,961,292	18,506,016
Charge for the year	17,062,032	-	2,616,760	1,086,350	7,744,398	8,515,962	223,704	155,385	5,813,453	43,218,044	9,253,008
Relief on Disposal	-	-	-	-	-	(4,304,198)	-	-	(2,055,789)	(6,359,987)	-
31 May 2022	120,666,759	-	13,084,331	7,847,497	42,695,217	83,858,187	6,735,204	233,075	32,699,079	307,819,349	27,759,024
Net book value											
31 May 2022	245,851,403	1,594,981	16,616,578	5,551,523	268,360,469	5,565,754	149,209	1,320,725	4,072,751	549,083,393	64,771,060

15. INVESTMENTS

	2023 $	2022 $
Fair values:		
1.3% (2022-1.3%) US$ Certificate of Deposits	-	7,753,787
J$ Securities purchased under resale agreements	342,884	342,884
3.5% NCB US$ Investments (2022-3.5%)	-	145,009,565
2.5% JMMB US$ Investments	31,482,631	
Quoted shares	20,198,808	29,298,271
	52,024,323	182,404,507

Securities purchased under agreement to resell are regarded as cash and cash equivalents for the statement of cash flows. The average effective interest rate at the year-end was approximately 3.3% (2022 -3.3%)

16. INVENTORIES

	2023 $	2022 $
Chemicals	572,798,111	618,328,547
Construction and adhesives	25,683,182	66,727,695
Manufacturing raw materials	155,742,493	11,211,309
	754,223,786	696,267,551
Goods-in-transit	1,350,083	2,673,907
Less: provision for obsolete stock	(15,821,271)	(28,100,898)
	739,752,598	670,840,560

17. RECEIVABLES

	2023 $	2022 $
Trade receivables	752,334,906	347,089,101
Less provision for bad debts	(44,598,946)	(43,561,014)
	707,735,960	303,528,087
Other receivables and prepayments	36,998,842	28,030,771
Trade & other receivables	744,734,802	331,558,858

Trade receivables balance at the end of the year includes $210,843,792 (2022 - $84,481,073) from the Company's five (5) largest customers, and the balances were all within the approved credit limits. There are no other customers who represent more than five (5%) of the total trade receivables. The Company does not hold any collateral over trade receivables.

Other receivables mainly comprise amounts recoverable from a supplier and deposits in relation to the acquisition of assets.

18. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash	234,000	254,000
Cash equivalents - US$ bank accounts	11,860,577	56,238,204
Cash equivalents - JA. $ bank accounts	56,770,126	69,054,885
	68,864,703	125,547,089

19. PAYABLES

	2023 $	2022 $
Foreign payables	508,796,767	490,005,131
Local payables and accruals	8,996,842	28,412,281
Accrued expenses	9,780,115	8,190,849
Other payables	25,798,368	(6,303,849)
	553,372,092	520,304,409

20. LONG-TERM BORROWINGS

	2023 $	2022 $
(i) 4 % Allegheny Loan	74,284,542	93,514,595
(ii) 7.01 % - Simpson Financing	2,072,638	2,676,955
(iii) 12.50 % JMMB Bank loan	300,000,000	300,000,000
(iv) 12.5 % -16.75% finance lease obligations [see (v) below]	-	3,742,765
(v) 9% NCB loans	23,823,003	
	400,180,183	399,934,315
Less current portion due within 12 months	(329,536,900)	(328,780,435)
Non-current balance	70,643,283	71,153,880
(vi) Lease liability	69,182,834	75,589,402
Less current portion	(10,754,390)	(9,416,166)
	58,428,444	66,173,236

The details of the loan are as follows:

(i) This represents a vendor's mortgage from Allegheny in acquiring the lubricant plant. It is payable over five years at 4% interest and is paid in 10 instalments of US$78,754 per period. This loan matures in December 2024.

(ii) This loan represents loan financing for a motor truck and is repayable in 84 monthly instalments of $69,099. A lien secures the loan on the truck and matures in January 2026.

(iii) By letter dated 31 May 2023, the JMMB Bank credit facility was extended for twelve (12) months with a maturity date of 09 April 2024, with an interest payment of $3,125,000 payable monthly over this period. The loan is unsecured, and the Company has to ensure compliance with several specific financial conditions and agreed terms for the continuity of the facility. Review of the financial covenants indicate that they were satisfactory as at 31 May 2023.

(v) NCB loans were acquired during the year to assist with the purchase of motor vehicles with maturity dates October 2029 and September 2028 respectively.

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20. LONG-TERM BORROWINGS (continued)

(vi) The lease obligations relate to motor vehicles and are payable as follows:

	2023 $	2022 $
Due from the reporting date as follows:		
Within one (1) year	3,742,765	4,335,683
Within two to five (2-5) years	-	-
Total future minimum lease payments	3,742,765	4,335,683
Less: future interest charges	(3,742,765)	(592,918)
Present value of minimum lease payments	-	3,742,765

Lease Liability

Right-of-use Asset, blended principal, and interest payments (rent payments) are made monthly in the amount of US$7,500, and interest is charged at 6%, maturing in 2029

Principal amounts payable are as follows:

	2023 $	2022 $
Current portion	10,754,390	9,416,166
Long term portion	58,428,444	66,173,236
	69,183,834	75,589,402

Principal repayments for each of the next four years along with the period 2025-2029 are as follows:

2024	10,754,390
2025	11,417,497
2026	13,165,206
2027-2029	33,846,741

21. SHARE CAPITAL

	2023 $	2022 $
Authorized:		
1,620,000,000 (2022 – 1,620,000,000) ordinary shares of no-par value		
Issued and fully paid:		
1,542,467,080 (2022 – 1,542,467,080) shares of no-par value	77,492,243	77,492,243

22. DEFERRED INCOME TAXES

During the year, deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amount determined after appropriate offsetting are as follows:

	2023 $	2022 $
Deferred tax liability	29,124,872	19,980,970

Deferred taxation charged to profit or loss comprises the following temporary differences:

	2023 $	2022 $
Balance brought forward -	19,980,970	17,745,272
Amount charged to profit and loss	9,143,902	2,235,699
Deferred tax liability at year-end	29,124,872	19,980,970

23. RELATED PARTIES TRANSACTIONS AND BALANCES

The statement of comprehensive income includes the following related party transactions

	2023 $	2022 $
Key management compensation:		
Salaries:	23,057,833	21,785,789

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview and risk management framework

The Company's overall risk management policies are established to identify and analyze the company's risks and set appropriate risk levels and controls and monitor risk and adherence to limits. Derivative financial instruments are not used to reduce exposure to any of the risks.

The Board of Directors is ultimately responsible for the oversight of the Company's risk management and has established committees such as audit and governance committee, along with treasury committee to monitor risks. The Company seeks to minimize potential adverse effects on the Company's financial performance and manage these risks by closely monitoring each risk factor as noted below.

The Company has exposure to the following risks from the use of financial instruments:

- Market risk (including foreign currency and interest rate risk)
- Credit risk;
- Liquidity risk; and

The Company has exposure to the following risks from its operations:

- Operational risk; and
- Reputational risk

The following presents information about the Company's exposure to each of the above risks and the Company's objectives, policies, and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the financial statements and notes thereof.

Paramount Trading (Jamaica) Limited
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24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing the return. The Company's financial risk management policy establishes guidelines on how the Company is to manage the market risk inherent in the business and provides mechanisms to ensure business transactions are executed in accordance with established limits, processes and procedures.

All such transactions are carried out within the established guidelines. The Company does not use derivatives to manage the volatility of market risk.

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company conducts business globally and is exposed to these risks arising from various transactions denominated in foreign currencies, primarily the United States (US$) dollar.

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

The Company's statement of financial position as at May 31, 2023, includes aggregate net foreign liabilities of approximately US$3,227,752 (2022 -US$3,001,816) in respect of transactions arising in the ordinary course of business which were subject to foreign exchange rate changes as follows

The concentration of currency risks:

	2023 US$	2022 US$
Financial assets:		
Cash and cash equivalents	87,587	163,430
Financial liabilities:		
Payables and accruals	(3,315,339)	(3,165,246)
Net total liabilities	(3,227,752)	(3,001,816)
Equivalent to Jamaican dollars	J$(495,363,099)	J$(464,501,008)

The above assets/ (liabilities) are receivable/ (payable) in United States dollars. The average of the Bank of Jamaica (BOJ) buying and selling rate of exchange applicable at May 31, 2023, is J$153.47 (2022 - J$154.74) to US$1, respectively.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(i) Market risk (continued)

- **Foreign currency risk (continued)**

Foreign currency sensitivity

A 5% (2022- 5%) weakening of the Jamaican dollar would have decreased profit for the year by approximately $12.3M (2022 - $14.5M), assuming all other variables, particularly interest rates, remain constant.

- **Interest rate risk**

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in market interest rates. Interest–bearing financial assets are primarily cash and cash equivalent, securities purchased under resale agreements and investments. Loans and bank overdrafts represent interest-bearing financial liabilities.

The Company attempts to manage the risk relating to financial liabilities by procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible. A financial asset is primarily managed by investing excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions.

During the year, the Company experienced a reduction in the rates on certain of its loans. At the reporting date, the interest profile of the Company's interest-bearing financial instruments was:

	2023 $	2022 $
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	469,363,018	475,523,717
	469,363,018	475,523,717
Variable-rate instruments		
Financial assets	11,860,577	238,642,710
Financial liabilities	-	-
	11,860,577	238,642,710

Fair value sensitivity analysis for fixed-rate instruments:

The Company does not hold any financial instruments that are carried at fair value. As a consequence, at the reporting date, fluctuation in interest rates would not affect the profit or other comprehensive income recognized for the year.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(i) Market risk (continued)

- **Interest rate risk (continued)**

Cash flow sensitivity analysis for variable rate instruments:

At the reporting date, a 2% (2022 - 2%) increase/(decrease) in interest rates would have increased/(decreased) profit by approximately $4.9M (2022 - $5.8 Million), assuming that all other variables, in particular, foreign currency rates, in both the current and prior years remained constant.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company faces credit risk principally in respect of its receivables from customers and, to a lesser extent, cash at bank and short-term deposits held with financial institutions. There is no significant concentration of credit risk, and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

There were no significant changes in the Company's approach to managing credit risk during the year.

Cash and cash equivalent

Cash and cash equivalent and investments are managed by maintaining these balances with licensed financial institutions considered to be stable and are deemed to have a low risk of default.

Trade receivables credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base is wide and covers different industries, and there is no significant concentration of credit risk.

Credit risk for receivables is mitigated by stringent credit reviews and approval of limits to customers. The Company also structures the levels of the credit risk it undertakes by placing limits on the amount of risk accepted about a single counterparty. The Company has an established credit process, which involves regular analysis of the ability of customers and other counterparties to meet repayment obligations.

The customer's credit quality is assessed, taking into account its financial position, experience, and other factors. The utilization of credit limits is regularly monitored.

The Company's customers principally include wholesalers, retailers, bauxite companies, companies within the construction industry and bakeries. The Company has procedures in place to restrict customer orders if the orders exceed their credit limits. Customers that fail to meet the Company's benchmark creditworthiness may transact business with the Company on a prepayment or cash basis.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Impairment:

The Company establishes a provision for impairment that represents its estimate of possible incurred losses in respect of trade receivables. Impairment is assessed for each customer balance over 90 days. The Company's exposure to this risk is moderate because approximately 85% (2022 - 71%) of its trade debtors are under 90 days.

The Company's credit period on the sale of goods ranges from 7 to 60 days, depending on the relationship with the respective customer. The Company introduced the ECL model regarding impairment of receivables, which resulted in the Company providing adequately for all receivables where collectability is deemed doubtful.

Maximum exposure to trade receivables credit risk

	2023 $	2022 $
Credit risk exposures are as follows:		
Trade receivables	752,334,906	347,089,101

Exposure to credit risk by customer sector

The following table summarizes the Company's credit exposure for trade receivables at their carrying amounts, as categorized by customer sector:

	Note	2023 $	2022 $
Manufacturing, wholesalers, and retailers		721,565,310	316,729,933
Government		4,035,001	9,906,221
Bauxite sector		26,734,595	20,452,947
	17	752,334,906	347,089,101
Less: provision for impairment		(44,598,946)	(43,561,014)
		707,735,960	303,528,087

As at May 31, 2023, the reporting date, there were significant concentrations of credit risk in respect of fourteen (14) major receivable customers of the Company who in aggregate accounted for approximately $275 Million (2022 - $158 Million), representing approximately 37% (2022 - 46%) of trade receivables for the Company.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Movement on the provision for impairment of trade receivables

The movement on the provision for impairment of trade receivables was as follows:

	2023 $	2022 $
Balance at 1 June 2022	43,561,014	31,561,014
Increase in provision for receivables impairment	17,381,632	12,000,000
Written off during the year	(16,343,700)	-
Balance at 31 May 2023	44,598,946	43,561,014

The creation of a provision for impaired receivables has been included in expenses in the profit or loss account. Amounts charged to the allowance account are written off when there is no expectation of recovering the additional cash.

Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss. Factors that are considered in assessing customers include applying experienced credit judgment, management accounts, cash flow projections, audited financial statements and available creditable press information.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to available external credit ratings. Potential loss exposure within each credit risk grade and an ECL rate is calculated for the Company's customer based on delinquency status and actual historical credit loss experience.

The Company uses an allowance matrix to measure ECLs trade receivables. The provision matrix is based on historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write–off, current conditions and the economic conditions over the expected lives of the receivables.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Expected credit loss assessment (continued)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at May 31 2023.

2023

Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance
Current (not past due)	0.11%	529,761,171	592,421
Past due 31-60 days	2.50%	58,616,419	1,465,410
Past due 61-90 days	10.44%	48,939,010	5,109,233
More than 90 days	32.54%	115,018,306	37,431,882
		752,334,906	44,598,946

2022

Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance
Current (not past due)	1.32%	141,588,955	1,873,259
Past due 31-60 days	3.21%	51,963,103	1,670,051
Past due 61-90 days	8.00%	52,776,454	4,223,604
More than 90 days	35.52%	100,760,589	35,794,100
		347,089,101	43,561,014

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Financial instruments counterparty credit risk: cash and equivalents and investments

The Company exposure to financial instruments counterparty credit risk is related to its activities with cash and cash equivalent balances and investments. The Company manages this exposure by maintaining these balances with licensed and regulated financial institutions considered to be stable and are deemed to have a low risk of default. Transactions are only undertaken with highly rated counterparties.

Maximum exposure to financial instruments counterparty credit risk

	2023 $	2022 $
Credit risk exposures are as follows:		
Investments, (excluding equity shares)	31,825,515	153,106,236
Cash and short-term equivalents	68,864,703	125,547,089
	100,690,218	278,653,325

The impairment on cash and cash equivalent and investments has been measured on the 12 months expected loss basis and reflects the short maturities of the exposures. The Company considered that cash and cash equivalent s have low credit risk. No impairment allowances were recognised on the initial adoption of IFRS 9, and there has been no change during the year.

Due from related parties

At the reporting date, there were no significant concentrations in respect of amounts due from related parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company might encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(iii) Liquidity risk (continued)

Liquidity risk management process

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. The Company maintains cash and short-term deposits for up to 90 - day periods to meet its liquidity requirements.

The Company's liquidity management process, as carried out within the Company and monitored by the Treasury function, includes:

i. Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows
ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
iii. Maintaining committed lines of credit
iv. Managing the concentration and profile of debt maturities
v. Optimizing cash returns on investments.

Cash flows of financial liabilities

The Company's financial liabilities comprise long-term loans and payables, and accruals. The table below shows the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to settle its liabilities. These amounts are due as follows:

2023

	Carrying amount $	Contractual cash flows $	1 year or less $	1-2 yrs $	2-5 yrs $
Accounts payable	553,372,092	553,372,092	553,372,092		
Long-term liabilities	469,363,017	473,132,628	349,981,592	71,639,793	51,511,243
Total financial liabilities	1,022,735,109	1,026,504,720	903,353,684	71,639,793	51,511,243

2022

	Carrying amount $	Contractual cash flows $	1 year or less $	1-2 yrs $	2-5 yrs $
Accounts payable	520,304,409	520,304,409	520,304,409	-	-
Long-term liabilities	475,523,717	483,290,524	346,337,965	40,832,805	96,119,754
Total financial liabilities	995,828,126	1,003,594,933	866,642,374	40,832,805	96,119,754

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Financial risk management (continued)

(iii) Liquidity risk (continued)

Determination and disclosure of fair value of financial instruments

Fair value is considered as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The market price is used to determine fair value where an active market, such as a recognized stock exchange, exists, as it is the best evidence of the fair value of a financial instrument.

Financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observed, as follows:

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in an active market for identical instruments. The FVTPL and FVOCI instruments in the financial repurchase agreement (reports) are classified as level 1.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company held no financial instruments in this category.

- Level 3 fair value measurements are derived from valuation techniques that include inputs for the instruments that are not based on observable market data (unobservable inputs). The Company held no financial instruments in this category.

The following methods and assumptions have been used in preparing the financial statements at the reporting date:

(i) The carrying value of cash and cash equivalents accounts receivable and accounts payable are assumed to approximate to their carrying values due to their short-term nature

(ii) Long-term liabilities carrying values approximate fair values as the loans are carried at an amortised cost reflecting their contractual obligations, and the interest rates are reflective of market rates for similar loans

(iii) Related party balances are carried at their contracted settlement values due to their short-term nature.

(iv) Investments classified as FVOCI or FVTPL are measured at fair value by reference to price quotes as published by established and reputable managers of these instruments.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes such as personnel, technology, and infrastructure, as well as from external factors, other than financial risks, such as those arising from legal, regulatory requirements and natural disasters.

The management of the Company is responsible for managing operational risk to avoid financial loss and damage to the Company's reputation while at the same time balancing the control procedures to allow innovation and creativity to facilitate the growth of the Company. Management is aware of the many operational risks and continues to implement the necessary strategies to mitigate the negative impact of the different risks associated with the operation of the Company.

(c) Reputational risk

The Company is engaged in a business that distributes chemical raw materials to various industries and manufactures basic inputs for food processing and industrial applications. Its reputation is critical within the marketplace, and the Company's management endeavours to be ethical and adopt international best practices in the storage, manufacturing, and distribution of its products.

The Company ensures that the necessary sanitary and quality standards are maintained and has regular audits from the government bodies responsible for the Company's portfolio of products, including the government's Bureau of Standards, Public Health Department, Jamaica Customs Department and the Ministry of Industry and Commerce. Also, as a supplier to several multinational and reputable local companies, the Company adheres and complies with their quality standards, and when potential customers conduct their independent audits, the Company is usually approved as a certified distributor to their respective plants.

Rigorous quality checks are integrated into the Company's receiving and delivery processes of its products, reducing customer complaints. Management considers the Company's reputation secured as events that may damage the Company's reputation are immediately investigated and the appropriate action taken in a manner that satisfies the complainant.

25. SIGNIFICANT ACCOUNTING POLICIES

(a) Share capital

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(b) Foreign currency transactions and balances

Foreign currency transactions that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities measured at historical cost denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the date of the transactions or initial recognition. Non-monetary items in a foreign currency measured at fair value are translated using the exchange rates when the fair value was determined.

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences resulting from the translation of equity investments are recognized in other comprehensive income, except on impairment. The foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Property, plant, and equipment

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. The land is carried at cost and is not depreciated.

Depreciation is calculated on a straight-line method at such rates as it will write off the carrying value of the assets over the period of their expected useful lives. Current annual rates of depreciation are:

Buildings	2-6%
Plant, machinery, and equipment	5- 10%
Furniture and fixtures	10%
Mobile equipment and motor vehicles	20%
Computer software and equipment	10%

The assets' residual values and useful lives are reviewed periodically for impairment. Where the assets' carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant, and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

Repairs and maintenance expenditures are included in the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the initially assessed standard of performance of the existing asset will flow to the Company.

The cost of self-constructed assets includes the cost of materials, direct labour, and related cost to put the asset into service. Borrowing costs, including but not limited to interest on borrowings and exchange differences arising on such borrowings that are directly attributable to the acquisition and/or construction of a qualifying asset, are capitalized as part of the cost of that asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its use are complete. Thereafter, borrowing costs are recognized in profit or loss when they are incurred.

(d) Inventories

Inventories are stated at the lower of cost, determined consistently on the same bases, and net realizable value. The cost of inventories is determined based on weighted average cost and includes costs incurred in bringing the inventories to their present location and condition. Inventories comprised finished goods, work-in-progress, and raw and packaging materials.

Net realizable value is the estimated selling price of inventory during the normal course of business, less estimated selling expenses.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at the bank, plus highly liquid instruments, including certificates of deposits, where the original maturities of such instruments usually do not exceed three (3) months. The Company does not operate an overdraft facility. Cash and cash equivalents are recorded at amortised cost.

(f) Financial instruments – recognition and measurement

A financial instrument is any contract that gives rise to a receipt or payment in cash or its equivalents and a financial asset of one party, and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Subsequent measurement of these assets and liabilities is based on fair value or amortized cost using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit or loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Classification and subsequent measurement.

Financial instruments – assets

The Company classifies financial assets according to its business model for managing the financial assets and the contractual terms of the cash flows. Classification choices for financial assets are:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

Classification choices for financial liabilities are:

- Amortized cost
- FVTPL

Amortized cost

Financial assets are classified as amortized cost because the financial assets are held within a business model with the objective to hold financial assets to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments – recognition and measurement (continued)

Fair value through other comprehensive income (FVTOCI)

Financial assets are classified as FVTOCI because the financial assets are held with a business model with the objective to hold financial assets to collect contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely principal and interest payments on the principal amount outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss on derecognition.

Fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL unless they are classified as amortised cost or fair value through other comprehensive income. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss or derecognition.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flow from the assets expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the contractual obligations are discharged, cancelled or expires.

(g) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recorded at amortised cost.

(h) Trade receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in bad debt expense in the statement of comprehensive income. When a trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as recovery and credited to bad debt expense in the statement of comprehensive income.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Trade receivables (continued)

Credit risk and expected loss

The Company is primarily exposed to credit risk on its trade receivables, and as such, does not provide for any lifetime expected credit loss (LECL). It applies the practical experience of not adjusting the promised consideration receivable because the period is less than 12 months. The Company recognizes a loss allowance on a forward-looking basis at an amount equal to its expected credit model (ECL) that was developed during the year in regards to its financial assets measured at amortized cost.

(i) Debt: borrowings and borrowing costs

Debt is classified as current when the Company expects to settle the liability in its normal operating cycle, it holds the liability primarily for trading, the liability is due to be settled within 12 months after the date of the statement of financial position, or it does not have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position; Otherwise, it is classified as long-term. After initial recognition, Debt is measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

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 ceases when the assets are substantially ready for their intended use or sale.

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

(j) Revenue recognition

(i) Sale of goods

Revenue is recognized when the performance obligation, satisfied at a point-in-time to transfer goods and services to the customer, is complete. The completion is assessed when the customer takes control and or obtains the benefits of the goods and /or services, and the company has a present right to payment as evidence by an invoice or the right to invoice.

(ii) Finance income
Finance income comprises interest-earned on invested funds. Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset

(iii) Other operating income
Other operating income includes gains on disposal of assets, recognized when the asset is sold, foreign exchange gains, and miscellaneous inflows recognized when received.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases

Leases of property, plant and equipment where the Company has substantially taken over all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to comprehensive income over the lease period.

Property, plant, and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term.

Right of use assets is measured at cost comprising the following:

(1) The amount of initial measurement of the lease liability
(2) Any lease payments made at or before the commencement date less any lease incentives received.
(3) Any initial direct cost, and
(4) Restoration cost

Right of use assets is generally depreciated over the shorter of the asset useful life and the lease term on a straight-line basis.

(l) Dividends

Dividends declared and payable to the Company’s ordinary shareholders are recognised as a liability in the statement of financial position in the period in which the Company’s Board of Directors approves the dividends.

(m) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to the statement of comprehensive income net of any reimbursement.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating units' fair value less costs to sell and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in comprehensive income.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

(o) Pension and employee benefits

The Company does not have a Pension Plan, but it has implemented an Individual Retirement Account (IRA) scheme for some categories of staff operated by Sagicor Limited, a licensed Investment management entity. The Company contributes 5% to the IRA for each participating individual based on their gross salary. The Company recognizes a liability and an expense for its contribution to the IRA.

Employees' benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation and sick leave, non-monetary benefits such as medical care. Entitlement to annual leave and other benefits are recognized when they accrue to employees.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Related party disclosure

Related parties are identified and disclosed to allow users of the financial statements to be aware of the possibilities that the financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the "reporting entity")

(a) A person or close member of that person's family is related to a reporting entity if that person:

- (i) Has control or joint control over the reporting entity;
- (ii) Has significant influence over the reporting entity; or
- (iii) Is a member of the key management personnel of the reporting entity or a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

- The Company and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both companies are joint ventures of the same third party.
- One company is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The company is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
- The company is controlled or jointly controlled by a person identified in (a) above.
- A person identified in ((a) (i)) above has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).

A related party transaction involves the transfer of resources, services or obligations between a reporting company and a related party, regardless of whether a price is charged.

(q) Investments

Certificate of Deposits, quoted shares and other investments are recognised at fair value. Incomes from these investments are accounted for based on the accrual basis.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Income taxes

The income tax expense for the year comprises a current and deferred tax. Income tax expense is recognized in net income, except to the extent that it relates to items recognized either in OCI or directly in equity.

(i) Current taxation

The current tax charge is the expected tax payable on the taxable income for the year, using tax rates in effect at the reporting date plus any over or under the provision of tax in respect of previous years.

(ii) Deferred taxation

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences, which will result in deductible amounts in future periods, but only to the extent, it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized, or the liability will be settled based on enacted rates.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on December 31 2012. Under the Junior Market of the JSE incentive regime, the 100% income tax-free status expired December 31 2017, and the Company is now subject to income tax at 50% of its taxable income until December 31 2022. As a consequence of the 100% tax relief expiration, deferred taxation was recorded in the financial statements.

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Management considers the Company to have five (5) strategic business units, which offer different products and services and principally require different technology and marketing strategies.

25. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segment reporting (continued)

The primary reportable business units are:

Distribution

- of imported chemicals and lubricants
- of SIKA branded construction and adhesive products

Manufacturing

- of branded chemical products
- manufacturing of lubricants
- Sanitizing and surface cleaning products

Haulage

- haulage services provided to external customers

The manufacturing operations are conducted at 6 and 8 East Bell Road, Kingston 11 and the distribution of chemicals is done from both the Company's warehouses at East Bell Road and 39 Waltham Park Road, Kingston 13.

Financial and other transactions between business units have been eliminated, where necessary in preparing the financial statements.

(u) Expenses

(i) Expenses are recognised on the accrual basis.

(ii) Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank-related charges.

(iii) Payments under leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(v) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

(w) Interest-bearing borrowing

Interest-bearing borrowings are recognised at cost. After initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective-interest basis.

26. CAPITAL MANAGEMENT

The Company's objectives when managing capital is:

- Ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and access to capital;
- Optimizing the cost of capital while taking into consideration current and future industry, market, and economic risks and conditions; and
- To safeguard its ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders

The definition of capital varies from company to company, industry to industry, and for different purposes. Management considers the definition of the Company's capital as long-term debt plus total equity.

The Company has a policy in place to manage capital. As part of the overall management of capital, management and the Audit Committee of the Board of Directors review the Company's compliance with and performance against the policy. In addition, periodic review of the policy is performed to ensure consistency with the risk tolerance.

The Company monitors its capital structure by measuring the gearing ratio. This ratio is calculated as total long-term debt divided by total capital under management.

The Company also monitors its fixed obligations to ensure compliance by tracking its interest and other coverage ratios and forecasting cash flows along with reviewing financial and other covenants of the existing debt agreements.

During 2023, the Company's capital management remained unchanged from 2022. The gearing ratios at May 31, 2023, and May 31, 2022, were as follows:

	2023	2022
	$	$
Total long-term debts	469,363,017	475,523,717
Total long-term debt plus equity	1,600,367,258	1,396,460,681
	0.29	0.34

27. CONTINGENCIES AND COMMITMENTS

(i) The Company's attorneys reported in their letter dated July 19, 2023, that for the year ended and as of 31 May 2023:

- we are not instructed in relation to any actual, possible, or outstanding claims in litigation or otherwise involving the Company, and we are not aware of any circumstances that may result in such matters;
- we do not hold any trust monies on behalf of the Company;
- we are not aware of any outstanding indebtedness that the Company may have to others that is guaranteed and/or not paid by it in a normal manner and /or subject to any typical business arrangements; and
- we have no billed or unbilled fees or disbursements for the Company in relation to the financial year.

(ii) In 2013, there was a dispute with Tax Administration Jamaica (TAJ) in relation to outstanding GCT tax liability of approximately $3.2M. This dispute went unresolved for a number of years and finally, the principal balance of approximately $3.2M was paid by the Company. Certain payments relating to the prior year were charged to retained earnings. There is an outstanding amount relating to interest and penalties as at 31 May 2023 that management is requesting a waiver from the Ministry of Finance.

28. SUBSEQUENT EVENT

Although there are local and global uncertainties relating to the COVID 19 pandemic along with the war in Ukraine by Russia the Company, is no longer experiencing any material negative impact from these events.

NOTES

FORM OF PROXY

PARAMOUNT Jamaica

PLACE
POSTAGE
STAMP

J$100.00

I/We____

(insert name)

of____

(insert address) being a shareholder(s) of Paramount Trading (Jamaica) ("the Company"),

hereby appoint ____

(proxy name)

of ____

(address of proxy)

or failing him/her, ____

(alternate proxy)

of____

(address of alternate proxy)

as my/our Proxy to vote for me/us and on my/our behalf in the Annual General Meeting of the Company to be held on Saturday, November 18, 2023 at 10:00 a.m. at the Courtyard by Marriott, Kingston Jamaica, 1 Park Close, Kingston 5, in the parish of Saint Andrew for the shareholders of the Company to transact the following business: -

No.	Ordinary Resolutions	For	Against *(tick as appropriate)*
1	"THAT the Reports of the Directors, Auditors and the Audited Financial Statements for the year ended May 31, 2023 be hereby received and adopted."		
2	"THAT In accordance with Article 102 of the Company's Articles of Incorporation, the Company is permitted to increase the maximum number of Directors from ten (10) to twelve (12) to serve on the Board of Directors."		
3(a)	"THAT in accordance with Article 97 of the Company's Articles of Incorporation, Messrs. Hugh Graham, Anna Graham, Sharon Donaldson-Levine and Richard Rogers retire from office by rotation with Messrs. Sharon Donaldson-Levine and Richard Rogers not seeking re-election."		

3(b)	"THAT Mr. Hugh Graham who retires by rotation and being eligible for re-election be and is hereby re-elected and appointed as a Director of the Company."		
3(c)	"THAT Ms. Anna Graham who retires by rotation and being eligible for re-election be and is hereby re-elected and appointed as a Director of the Company."		
3(d)	"THAT Mrs. Catherine Goodall Jackson be and is hereby elected and appointed as a Director of the Company."		
3(e)	"THAT Mr. Dwight Balli be and is hereby elected and appointed as a Director of the Company."		
3(f)	"THAT Mrs. Kathryn Lewis-Green be and is hereby elected and appointed as a Director of the Company."		
3(g)	"THAT Mr. Loren Edwards be and is hereby elected and appointed as a Director of the Company."		
4(a)	"THAT the amount included in the Audited Financial Statements for the year ended May 31, 2023 of the Company as Directors' fees for services rendered, be and is hereby approved."		
4(b)	"THAT Board of Directors of the Company be and is hereby authoprised to fix the remuneration of the individual directors for the ensuing year."		
5(a)	"THAT McKenley & Associates, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company, to hold office until the next Annual General Meeting."		
5(b)	THAT the Board of Directors be and is hereby aurhorised to fix the remuneration of the Auditors of the Company."		

Dated the ____________ day of ____________________ 2023

____
Signature of Shareholder

Signed: ____
(signature of primary shareholder)

Name: ____
(print name of primary shareholder)

Signed: ____
(signature of joint shareholder, if any)

Name: ____
(print name of joint shareholder, if any)

PARAMOUNT
Jamaica

Paramount Trading (Jamaica) Limited
39 Waltham Park Road, Kingston 13
Jamaica | West Indies
Tel: 1 (876) 923.-9015 | 1 (876).923-9040
Fax: 1 (876) 937-9241 | 1 (876) 758-9040
Email: paramount@paramountjm.com
Web: www.paramountjamaica.com