

# PARAMOUNT Jamaica

**Paramount Trading (Jamaica) Limited**

**Report to Stockholders**

**Six months ended November 30, 2023**

The Board of Directors presents the unaudited results of the Company for the six months ended November 30, 2023.

The financial highlights are as follows:

**Revenue \$865.5 million, (2022: \$1,196.2 million)**

**Earnings per share \$0.053, (2022: \$0.096)**

**Profit before tax \$97.9 million, (2022: \$171.4 million)**

**Book value of \$1,349.6 million, (2022: \$1,250.1 million)**

## **Revenue**

Revenue for the six-month ended November 30, 2023, was \$865.5 million, 27.6 percent below the prior year's revenue of \$1,196.2 million. The reduction was primarily observed in the Food Grade and SIKA-Construction segments and resulted from a one-off supply challenge and the expiration of a large building project, respectively. The Technical Grade segment, which accounted for 52% of total revenue, performed 1% above prior year. The Lubricants segment also performed well with a 10% growth in revenue.

Second quarter revenue of \$439.4 million was 26.9 percent below prior year, due to factors noted above.

## **Expenses**

Operating expenses year-to-date totaled \$239.4 million (2022- \$242.1 million). Staff costs of \$104 million, representing 44 percent of the expenses, were \$13.8 million less than prior year.

Net finance costs of \$25.2 million for the six-months period increased by \$4.1 million or 19.5 percent compared with 2022's cost of \$21.1 million.

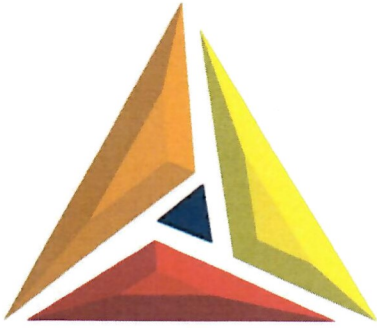
## **Profit before Tax**

Profit before Tax year-to-date of \$97.9 million was below the previous year by \$73.4 million, due mainly to the expiration of a large construction project that was in place in prior year. We continue to pivot our operations as we target, as well as take advantage of any possible opportunities that may arise.

The Board of Directors and management team remain steadfast in ensuring that the Company continues its growth trajectory. We continue to express our thanks to our management team, team members, customers, shareholders and other stakeholders for their support and confidence in us.

.....  
Radcliff Knibbs

Chairman



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

**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

SECOND QUARTER ENDED NOVEMBER  
30, 2023

**Paramount Trading (Jamaica) Limited**  
**Second Quarter ended November 30, 2023**

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**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
 as at November 30, 2023

<u>Notes</u>	<u>November Unaudited 2023</u>	<u>November Unaudited 2022</u>	<u>MAY Audited 2023</u>
	\$	\$	\$
<b>Non-current assets:</b>			
Property, plant & equipment	554,116,397	552,749,998	551,029,165
Right of Use Asset	50,891,547	60,144,555	55,518,051
Investments	53,854,962	37,394,942	52,024,323
<b>Current assets</b>			
Inventories	541,319,925	679,075,531	739,752,598
Taxation recoverable	436,916	1,025,868	7,105,112
Receivables	666,178,346	437,244,253	744,734,802
Cash and cash equivalents	141,671,870	132,720,693	68,864,703
	<b>1,349,607,057</b>	<b>1,250,066,345</b>	<b>1,560,457,215</b>
<b>Current Liabilities</b>			
Payables	363,975,451	325,906,736	553,372,092
Taxation payable	33,691,537	22,700,502	36,164,532
borrowings	325,666,961	326,902,886	329,536,900
Current portion of lease liability	10,714,961	9,416,166	10,754,390
	<b>734,048,910</b>	<b>684,926,290</b>	<b>929,827,914</b>
<b>Net current assets</b>	<b>615,558,147</b>	<b>565,140,055</b>	<b>630,629,301</b>
<b>Total assets less current liabilities</b>	<b>1,274,421,053</b>	<b>1,215,429,550</b>	<b>1,289,200,840</b>
<b>Equity</b>			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	1,057,966,959	980,381,962	1,053,511,998
	<b>1,135,459,202</b>	<b>1,057,874,205</b>	<b>1,131,004,241</b>
<b>Non-current liabilities</b>			
Long term borrowings	58,776,402	76,437,296	70,643,283
Lease liability	51,060,577	61,137,079	58,428,444
Deferred tax liability	29,124,872	19,980,970	29,124,872
<b>Total equity and non-current liabilities</b>	<b>1,274,421,053</b>	<b>1,215,429,550</b>	<b>1,289,200,840</b>

Approved and signed on behalf of the Board by:



Director



Director



**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**Second Quarter ended November 30, 2023**

	<u>Note</u>				
	3 Months Ended Nov 30, 2023 Unaudited \$	3 Months Ended Nov 30, 2022 Unaudited \$	November 2023 Year-To-Date Unaudited \$	November 2022 Year-To-Date Unaudited \$	MAY 2023 Year- To-Date Audited \$
<b>Gross operating revenue</b>	439,436,910	600,991,362	865,487,261	1,196,160,751	2,463,873,384
Direct Expenses	289,857,386	396,352,500	536,308,323	788,193,066	1,742,604,833
<b>Gross profit</b>	<b>149,579,524</b>	<b>204,638,862</b>	<b>329,178,938</b>	<b>407,967,685</b>	<b>721,268,551</b>
Other operating income/(loss)	14,573,161	(2,748,418)	33,369,828	26,617,541	84,279,847
	<b>164,152,685</b>	<b>201,890,444</b>	<b>362,548,766</b>	<b>434,585,226</b>	<b>805,548,398</b>
<b>Less Operating Expenses:</b>					
Administrative	115,196,645	106,005,957	232,286,034	228,584,575	436,096,581
Selling & Distribution	4,960,776	10,916,418	7,070,408	13,514,899	31,686,732
	120,157,421	116,922,375	239,356,442	242,099,474	467,783,313
<b>Operating profit before finance costs</b>	<b>43,995,264</b>	<b>84,968,069</b>	<b>123,192,324</b>	<b>192,485,752</b>	<b>337,765,085</b>
Finance costs	(11,010,312)	(11,567,428)	(25,374,560)	(22,646,942)	(48,790,157)
Interest income	133,158	617,700	145,755	1,537,080	1,747,402
Net finance costs	(10,877,154)	(10,949,728)	(25,228,805)	(21,109,862)	(47,042,755)
<b>Profit before taxation</b>	<b>33,118,110</b>	<b>74,018,341</b>	<b>97,963,519</b>	<b>171,375,890</b>	<b>290,722,330</b>
Taxation	8,279,527	9,252,293	16,385,204	22,700,502	45,308,433
<b>Net Profit for the period</b>	<b>24,838,582</b>	<b>64,766,048</b>	<b>81,578,315</b>	<b>148,675,388</b>	<b>245,413,897</b>
<b>Earning per share</b>	<b>0.016</b>	<b>0.042</b>	<b>0.053</b>	<b>0.096</b>	<b>0.159</b>

**PARAMOUNT TRADING (JAMAICA) LIMITED**
**STATEMENT OF CHANGES IN EQUITY**
**Second quarter ended November 30, 2023**


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	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$	\$	\$
<b>Balance at May 31, 2022</b>	77,492,243	831,706,575	909,198,818
Total comprehensive income	-	148,675,387	148,675,387
<b>Balance at November 30, 2022</b>	77,492,243	980,381,962	1,057,874,205

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	\$	\$	\$
<b>Balance at May 31, 2023</b>	77,492,243	1,053,511,998	1,131,004,241
Total comprehensive income	-	81,578,315	81,578,315
Total dividend declared		(77,123,354)	(77,123,354)
<b>Balance at November 30, 2023</b>	77,492,243	1,057,966,959	1,135,459,202

**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF CASH FLOW**  
**Second Quarter ended November 30, 2023**

	November Unaudited 2023 \$	November Unaudited 2022 \$	MAY Audited 2023 \$
<b>Cash flows from operating activities</b>			
Net Profit	81,578,315	148,675,387	245,413,897
<b>Adjustments for:</b>			
Depreciation	19,796,963	19,597,338	41,808,757
Depreciation-right of use assets	4,626,504	4,626,504	9,253,008
Income tax expense	16,385,204	22,700,502	45,308,433
Interest income	(145,755)	(1,537,079)	(1,767,402)
Interest expense	25,374,560	22,646,942	48,790,157
Gain on sale of assets	-	-	(500,000)
Prior year adjustment	-	-	(23,608,473)
Operating cash flows before movements in working capital	<b>147,615,791</b>	<b>216,709,594</b>	<b>364,698,377</b>
<b>Changes in operating assets and liabilities:</b>			
Inventories	198,432,673	(8,234,971)	(68,912,038)
Receivables	78,556,456	(105,685,395)	(413,175,944)
Payables	(266,519,995)	(194,397,673)	33,067,683
Taxation paid	(12,190,005)	(223,422)	(6,302,667)
	<b>(1,720,871)</b>	<b>(308,541,461)</b>	<b>(455,322,966)</b>
Cash generated from operations	145,894,920	(91,831,867)	(90,624,589)
Interest received	145,755	1,537,079	1,767,402
Interest paid	(25,374,560)	(22,646,942)	(48,790,157)
<b>Net cash flow provided by/(used in) operating activities</b>	<b>120,666,115</b>	<b>(112,941,730)</b>	<b>(137,647,344)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(22,884,195)	(23,263,942)	(43,754,529)
Proceeds from sale of assets	-	-	500,000
<b>Net cash used in investing activities</b>	<b>(22,884,195)</b>	<b>(23,263,942)</b>	<b>(43,254,529)</b>
<b>Cash flows from financing activities:</b>			
Loans received	-	3,405,868	25,725,000
Loans repaid	(23,144,115)	(5,036,157)	(31,885,699)
<b>Net cash used in financing activities</b>	<b>(23,144,115)</b>	<b>(1,630,289)</b>	<b>(6,160,699)</b>
Net increase/(decrease) in cash resources	74,637,806	(137,835,961)	(187,062,570)
Cash resources at the beginning of the year	120,889,026	307,951,596	307,951,596
<b>Cash resources at the end of the period</b>	<b>195,526,832</b>	<b>170,115,635</b>	<b>120,889,026</b>
<b>Represented by:</b>			
Investments	53,854,962	37,394,942	52,024,323
Cash and cash equivalents	141,671,870	132,720,693	68,864,703
	<b>195,526,832</b>	<b>170,115,635</b>	<b>120,889,026</b>



**Notes to Interim Financial Statements**

**Second Quarter ended November 30, 2023**

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**1. IDENTIFICATION AND PRINCIPAL ACTIVITIES**

The Company operates in Jamaica and has its registered office at 39 Waltham Park Road Kingston 13. The principal activity of the Company is importation and distribution of chemical raw materials and other related products. The Company manufactures and distributes lubricants and is a distributor of the “SIKA” line of construction products. This line includes admixtures, adhesives and sealants with applications that range from the do-it-yourself to road construction.

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

**2. BASIS OF PREPARATION**

These interim financial statements have been prepared in accordance with IAS 34, interim reporting and should be read in conjunction with the audited financial statements for the year ended May 31, 2023, which have been prepared in accordance with IFRS and comply with the Jamaican Companies Act.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these interim financial statements are consistent with those used in the audited financial statements for the year ended May 31, 2023.

**(a) Depreciation:**

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

**(b) Trade receivables**

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



**Notes to Interim Financial Statements**  
**Second Quarter ended November 30, 2023**

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

**(c) Inventories**

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

**(d) Borrowing and borrowing costs**

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

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

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

**4. TAXATION**

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 31, 2012. Consequently, the Company remission of taxes for 10 years ended December 31, 2022 and is now subject to full corporation tax. However, the tax remission obtained during this 10-year period is contingent on the company shares remaining listed for at least up to December 31, 2027 (15 years).

**5. EARNINGS PER STOCK UNIT**

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

# Paramount Trading (Jamaica) Limited

## Notes to interim Financial Statements Second Quarter ended November 30, 2023

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### 6. SHARE CAPITAL

	<u>November</u> <u>2023</u>	<u>May</u> <u>2023</u>
<b>Authorised:</b>		
1,620,000,000 (162,000,000) Ordinary shares of no par value		
<b><u>Issued and fully paid</u></b>		
<b>1,542,467,080 (1542,467,080)</b> <b>shares</b>	77,492,243	77,492,243

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### 7. DIVIDENDS

By a round-robin meeting the Board of Directors on Monday, November 27, 2023, approved and declared an interim dividend payment of \$0.05 per ordinary stock unit. Record Date: Wednesday, December 13, 2023. Payment Date: Friday, December 29, 2023

**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR  
OFFICERS' INTERESTS  
NOVEMBER 30, 2023**

<b>Top 10 Stockholders</b>	<b>Number of Shares Held</b>
Hugh Graham	1,233,966,840
Radcliff Knibbs	110,231,474
Anna Maria Graham	63,749,360
Barita Unit Trust	23,214,998
Mayberry Jamaican Equities Limited	15,315,016
Ursus Corporation Limited	12,541,170
Vaughn Phang	5,982,104
G.I. Enterprises Limited	4,920,000
Lannaman & Morris (Shipping) Limited	4,208,000
Sophia Laurie-Beth Taylor	3,016,200

<b>Directors and Senior Officers</b>	<b>Number of Shares Held</b>
Hugh Graham	1,233,966,840
Radcliff Knibbs	110,231,474
Anna Maria Graham	63,749,360
Jacqueline Somers	0
Metry Seaga	0
Daniel Chin	0
Emanuel DaRosa	0
Kathryn Lewis-Green	0
Catherine Goodall Jackson	0
Dwight Balli	0
Loren Edwards	0
Thausha Martin	0
Jacqueline Leckie	470,379