



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

**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

THIRD QUARTER ENDED FEBRUARY 29, 2024



# PARAMOUNT Jamaica

## Paramount Trading (Jamaica) Limited

### Report to Stockholders

#### Nine months ended February 29, 2024

The Board of Directors presents the unaudited results of the Company for nine months ended February 29, 2024.

The financial highlights are as follows:

**Revenue 1,266.4 million, (2023: \$1,634.3 million)**

**Earnings per share \$0.065, (2023: \$0.116)**

**Profit before tax \$124.2 million, (2023: \$207.1 million)**

**Book value of \$1,153.8 million, (2023: \$1,131.0 million)**

#### Revenue

Revenue for the nine-month ended February 29, 2024, was \$1,266.4 million, 22.5 percent (\$367.9 million) below the prior year's revenue of \$1,634.3 million. During this nine-month period the manufacturing division grew by 16.5 percent or \$49.1 million. Contrastingly, the distribution division reduced by 31.2 percent or \$417.0 million over the same period last year. The Food Grade and SIKA-Construction segments were the primary contributors of this division's downward trajectory, due to completion of a large project in 2023 and market factors. Lubricant revenue of \$122.9 million for the nine-month period is the highest growth segment, with a 30.5 percent increase compared with last year.

Third quarter revenue of \$400.9 million was 8.5 percent below prior year, due to similar factors noted above.

#### Expenses

Operating expenses year-to-date totaled \$342.5 million (2023- \$344.3 million). Staff costs of \$162.4 million, representing 47.4 percent of the expenses, were \$7.8 million less than prior year. Net finance costs of \$44.2 million for the nine-months period increased by \$11.3 million or 34.3 percent compared with 2023's cost of \$32.9 million, due to increase in borrowings and interest rates.

#### Profit before Tax

Profit before Tax (PBT) year-to-date of \$124.2 million was below the previous year by \$82.9 million or 40.02 percent, due mainly to Food grade and Construction segments downturn comparative to prior year. However, the third quarter PBT of \$26.2 million was 26.6 percent less than the similar period last 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, continue to express our thanks to all our stakeholders for their support and confidence in us.

  
Radcliff Knibbs

Chairman



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

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**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**February 29, 2024**

<u>Notes</u>	<b>February Unaudited 2024</b>	<b>February Unaudited 2023</b>	<b>MAY Audited 2023</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	567,446,392	559,515,542	551,029,165
Right-of-use assets	48,578,295	57,831,303	55,518,051
Investments	94,827,104	29,206,215	52,024,323
<b>Current assets</b>			
Inventories	524,942,286	726,814,571	739,752,598
Taxation recoverable	1,057,888	1,026,296	7,105,112
Receivables	733,065,959	436,765,741	744,734,802
Cash and cash equivalents	76,717,392	96,400,624	68,864,703
	<b>1,335,783,525</b>	<b>1,261,007,232</b>	<b>1,560,457,215</b>
<b>Current liabilities</b>			
Payables	201,278,851	305,437,885	553,372,092
Taxation payable	43,100,781	24,238,293	36,164,532
Current portion of long term borrowings	108,207,784	326,902,886	329,536,900
Current portion of lease liability	11,248,130	9,416,166	10,754,390
	<b>363,835,546</b>	<b>665,995,230</b>	<b>929,827,914</b>
<b>Net current assets</b>	<b>971,947,979</b>	<b>595,012,002</b>	<b>630,629,301</b>
<b>Total assets less current liabilities</b>	<b>1,682,799,770</b>	<b>1,241,565,062</b>	<b>1,289,200,840</b>
<b>Equity</b>			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	1,076,320,644	1,010,751,458	1,053,511,998
	<b>1,153,812,887</b>	<b>1,088,243,701</b>	<b>1,131,004,241</b>
<b>Non-current liabilities</b>			
Long term borrowings	449,932,194	74,810,033	70,643,283
Lease liability	49,929,817	58,530,358	58,428,444
Deferred tax liability	29,124,872	19,980,970	29,124,872
	<b>528,986,883</b>	<b>153,321,361</b>	<b>158,196,599</b>
<b>Total equity and non-current liabilities</b>	<b>1,682,799,770</b>	<b>1,241,565,062</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**  
**Third Quarter ended February 29, 2024**

	<u>Notes</u>				
	3 Months ended February 29, 2024	3 Months ended February 28, 2023	Year-to-date February 29, 2024	Year-to-date February 28, 2023	Year ended May 31, 2023
	Unaudited \$	Unaudited \$	Unaudited \$	Unaudited \$	Audited \$
<b>Revenue</b>	400,877,378	438,113,873	1,266,364,639	1,634,274,624	2,463,873,384
Direct expenses	253,938,343	297,410,837	790,246,666	1,085,603,904	1,742,604,833
<b>Gross Profit</b>	<b>146,939,035</b>	<b>140,703,036</b>	<b>476,117,973</b>	<b>548,670,720</b>	<b>721,268,551</b>
Other operating income	1,386,324	9,097,058	34,756,152	35,714,599	84,279,847
	<b>148,325,359</b>	<b>149,800,094</b>	<b>510,874,125</b>	<b>584,385,319</b>	<b>805,548,398</b>
<b>Less operating expenses</b>					-
Administrative	99,180,738	98,799,652	332,972,506	327,384,227	436,096,581
Selling & Distribution	3,933,124	3,431,657	9,497,799	16,946,555	31,686,732
	103,113,863	102,231,309	342,470,305	344,330,782	467,783,313
<b>Operating profit before finance costs</b>	<b>45,211,496</b>	<b>47,568,785</b>	<b>168,403,820</b>	<b>240,054,537</b>	<b>337,765,085</b>
Finance costs	(19,214,591)	(11,846,051)	(44,589,151)	(34,492,993)	(48,790,157)
Interest income	224,940	10,939	370,696	1,548,019	1,747,402
<b>Net finance costs</b>	<b>(18,989,650)</b>	<b>(11,835,112)</b>	<b>(44,218,455)</b>	<b>(32,944,974)</b>	<b>(47,042,755)</b>
<b>Profit before taxation</b>	<b>26,221,846</b>	<b>35,733,673</b>	<b>124,185,365</b>	<b>207,109,563</b>	<b>290,722,330</b>
Taxation	7,868,162	5,364,177	24,253,365	28,064,679	45,308,433
<b>Net profit for the period</b>	<b>18,353,684</b>	<b>30,369,496</b>	<b>99,932,000</b>	<b>179,044,884</b>	<b>245,413,897</b>
<b>Earning per share</b>	<b>0.012</b>	<b>0.020</b>	<b>0.065</b>	<b>0.116</b>	<b>0.159</b>

**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**Third Quarter ended February 29, 2024**

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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	831,706,574	909,198,817
Profit for the period	-	179,044,884	179,044,884
<b>Balance at February 28, 2023</b>	<u>77,492,243</u>	<u>1,010,751,458</u>	<u>1,088,243,701</u>

	<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
Profit for the period	-	99,932,000	99,932,000
Dividend		(77,123,354)	(77,123,354)
<b>Balance at February 29, 2024</b>	<u>77,492,243</u>	<u>1,076,320,644</u>	<u>1,153,812,887</u>

**PARAMOUNT TRADING (JAMAICA) LIMITED**  
**STATEMENT OF CASH FLOW**  
**Third Quarter ended February 29, 2024**

	February Unaudited 2024	February Unaudited 2023	MAY Audited 2023
	\$	\$	\$
<b>Cash flows from operating activities</b>			
Net Profit	99,932,000	179,044,884	245,413,897
<b>Adjustments for:</b>			
Depreciation	30,177,920	29,469,968	41,808,757
Depreciation-right of use assets	6,939,756	6,939,756	9,253,008
Income tax expense	24,253,365	28,064,679	45,308,433
Interest income	(370,696)	(1,548,018)	(1,767,402)
Interest expense	44,589,151	34,492,993	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>205,521,497</b>	<b>276,464,262</b>	<b>364,698,377</b>
<b>Changes in operating assets and Liabilities</b>			
Inventories	214,810,312	(55,974,011)	(68,912,038)
Receivables	11,668,843	(105,206,884)	(413,175,944)
Payables	(352,093,241)	(214,866,524)	33,067,683
Taxation paid	(17,999,142)	(4,050,236)	(6,302,667)
	<b>(143,613,228)</b>	<b>(380,097,655)</b>	<b>(455,322,966)</b>
Cash generated from operations	61,908,269	(103,633,392)	(90,624,589)
Interest received	370,696	1,548,018	1,767,402
Interest paid	(44,589,151)	(34,492,993)	(48,790,157)
<b>Net cash flow provided by/(used in) operating activities</b>	<b>17,689,814</b>	<b>(136,578,369)</b>	<b>(137,647,342)</b>
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment	(46,595,148)	(39,902,116)	(43,754,529)
Proceeds from sale of assets	-	-	500,000
Purchase of investment security	(40,885,246)	-	-
<b>Net cash used in investing activities</b>	<b>(87,480,393)</b>	<b>(39,902,116)</b>	<b>(43,254,529)</b>
<b>Cash flows from financing activities:</b>			
Dividends paid	(77,123,354)	-	-
Loans received	512,000,000	-	25,725,000
Loans repaid	(355,315,842)	(5,864,272)	(31,885,699)
<b>Net cash provided by /(used in) financing activities</b>	<b>79,560,804</b>	<b>(5,864,272)</b>	<b>(6,160,699)</b>
Net increase/(decrease) in cash resources	9,770,224	(182,344,757)	(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>130,659,250</b>	<b>125,606,839</b>	<b>120,889,026</b>
<b>Represented by:</b>			
Investments	53,941,858	29,206,215	52,024,323
Cash and cash equivalents	76,717,392	96,400,624	68,864,703
	<b>130,659,250</b>	<b>125,606,839</b>	<b>120,889,026</b>

**Notes to Interim Financial Statements**

**Third Quarter ended February 29, 2024**

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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.

**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**  
**Third Quarter ended February 29, 2024**

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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 Third Quarter ended February 29, 2024

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### 6. SHARE CAPITAL

	<u>February</u> <u>2024</u>	<u>May</u> <u>2023</u>
<b>Authorised:</b>		
1,620,000,000 (2023 - 1,620,000,000) ordinary shares of no-par value		
<b><u>Issued and fully paid</u></b>		
1,542,467,080 (2023- 1542,467,080) shares of no-par value	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.

### 8. LONG-TERM BRORROWING

\$700 million bond was obtained from NCB Capital Markets Limited to bolster expansion plans, strengthen market position, capitalize on emerging opportunities in the sector and refinance maturing obligations. The first installment draw-down of \$512 million was received on January 22, 2024, and the remaining balance to be obtained no later than six months thereafter.

Including in investment is \$40,885,245.90 representing Debt Service Reserve Account ("DSRA") funded with the first quarter's principal and interest payment. This DSRA is held at NCBCM until loan maturity.

**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR  
OFFICERS' INTERESTS  
FEBRUARY 29, 2024**

**Top 10 Stockholders**

	<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	23,215,100
Mayberry Jamaican Equities Limited	15,415,016
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

**Directors and Senior Officers**

	<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
Demetrie Adams	0