



STATIONERY & OFFICE SUPPLIES LTD.

23 BEECHWOOD AVENUE, KINGSTON 5, JAMAICA
TELEPHONE: (876) 926-5688 • FAX (876) 968-8200

UNAUDITED FINANCIAL STATEMENTS – 2nd QUARTER ENDED JUNE 30TH, 2020

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**STATIONERY &
OFFICE SUPPLIES
LTD.**



Agents for



Kingston: 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies. Tel: (876) 926-5688, 926-2649 Fax: (876) 968-8200
Montego Bay: Unit #8, Fairview Office Park, Alice Eldermire Drive. Tel: (876) 953-6351 Fax: (876) 953-6386
Website: www.sosjm.com Email: mail@sosjm.com

UNAUDITED FINANCIAL STATEMENTS FOR THE 2nd QUARTER & 6 MONTHS ENDED JUNE 30TH 2020

The Board of Directors of Stationery & Office Supplies Limited is pleased to present the unaudited results for the company for the 2nd quarter & 6 months ended June 30th, 2020.

At the end of March 2020, SOS experienced the initial effects of the Covid-19 virus and how it could affect the Jamaican economy. SOS, like most other companies, was very concerned about how the Covid-19 virus would continue to affect business now and in the near future.

As we began to move into April, SOS experienced a slowdown in sales as companies began to close in order to protect their employees and customers from being exposed to the virus.

Curfews were implemented island wide, and elderly persons as well as those with pre-existing conditions were told to stay home for their own safety. Areas were placed under quarantine and schools were closed, resulting in children having to learn from home. This meant that many individuals could not go to work as they had to stay home to take care of their children.

All these events led to a decrease in economic activities that affected every industry including the office supplies business. In April 2020, SOS experienced a decline in sales of 77% to \$24.8M when compared to \$110M in 2019. During April SOS tried to minimize losses by rotating staff, conserving electricity usage and other expenses, and reducing management and other salaries. We also had to adjust our focus during the Covid-19 pandemic from the growth of our customers' business to the protection of their employees and their own customers. We began to sell and distribute protective gear and equipment including custom built acrylic screens.

The 2nd Quarter 2020 has been difficult and full of challenges, but we remain confident that we will continue to grow as we re-establish our revenues to 2019 levels. In fact, we can see the trend of business slowly increasing since April, as sales in the following month of May rose by 75% to \$44M and in June it increased by a further 50% to \$66M.

With the reduced revenues during the 2nd quarter of 2020, the overall financial numbers for the year are far behind our 2019 6-month figures and even further behind our expectations for 2020. Expenses decreased primarily due to the drop in salaries and wages due to the Covid-19 virus and employees' working hours being reduced significantly as a result of a rotation schedule allowing them to get an average 2.5 work days per week. The gross profit percentage fell by 2% year on year as the Jamaican dollar continued to devalue and we were forced to give larger discounts on products to help our customers manage through the difficult times.



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The following chart shows the changes in the first half of the financial year 2020 compared to the same period in 2019. It is evident from below that our pre-tax profit suffered the most.

6 MONTHS ENDED JUNE 30 TH , 2019 & 2020			
	2020	2019	% INCREASE/DECREASE
REVENUES	\$472,117,390	\$638,548,573	-26%
EXPENSES	\$208,200,568	\$230,507,099	-10%
GROSS PROFIT %	48.1%	49%	-2%
PRE-TAX-PROFIT	\$21,831,674	\$91,649,016	-76%

FINANCIAL POSITION

At the end of the 2nd quarter, SOS had increased its total assets year on year by 1.5% (\$876M - \$889.6M). This slight increase was due to an increase in inventory that rose by 30% (\$207M - \$268M) and was planned around the anticipated Chinese New Year when factories close down.

Due to Covid-19, a significant effort was made to reduce Receivables resulting in reducing Trade and Receivables by 42% ((\$154M - \$90M). Also due to the lack of economic activity, prepayments were also reduced by more than 50% as there was little need for additional inventory.

Earnings per share at the end of the 2nd quarter of 2020 was -\$0.09, a decrease of \$.23 compared to \$0.14 at the end of the 2nd quarter of 2019. For the 6 months ended June 30, 2020 earnings per share now stand at \$.09, down \$.28 from \$.37 seen at this time in 2019.

David McDaniel
 Managing Director

Marjorie McDaniel
 Chief Administrative officer & Company Secretary



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SOS TOP 10 SHAREHOLDERS AS OF JUNE 30th, 2020

#	SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1	OUTLOOK LIMITED	200,096,400.	80.0
2	ANJANETTE MARIANNA MCDANIEL	5,427,260.	2.2
3	QWI INVESTMENTS LIMITED	4,064,181.	1.6
4	JASON CARL CARBY	3,500,000.	1.4
5	JNBS PENSION TRUSTEES NOMINEE LTD.	3,337,495.	1.3
6	KENDALL MARIE TODD	1,784,900.	0.7
7	MIRAH JESSICA LIM TODD	1,400,000.	0.6
8	JCDC TRUTEE SERVICES LTD	1,285,053.	0.5
9	MF & G ASSET MANAGEMENT LTD. - NCB CM UNIT TRUST SCHEME (JMD CARIBBEAN EQUITY PORTFOLIO)	1,192,373.	0.5
10	BRIDGETOWN MANAGEMENT SERVICES LTD	1,068,943.	0.4

DIRECTORS SHARE HOLDINGS AS OF JUNE 30th, 2020

#	DIRECTORS NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
1	DAVID MCDANIEL	NIL	OUTLOOK LTD	200,096,400.
2	MARJORIE MCDANIEL	NIL	OUTLOOK LTD	200,096,400.
3	ALLAN MCDANIEL	NIL		
4	KELLI MUSCHETT	NIL	OUTLOOK LTD	200,096,400.
5	STEPHEN TODD	NIL	OUTLOOK LTD	200,096,400.
6	KERRI TODD	NIL	OUTLOOK LTD	200,096,400.
7	ANTHONY BELL	NIL	-	
9	JERMAINE DEANS	NIL	-	
10	R. EVAN D. THWAITES	28,165.	-	

SENIOR MANAGERS SHARE HOLDING AS OF JUNE 30th, 2020

#	SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1	DENISE MCINTOSH	295,650.	0.12

Stationery & Office Supplies Limited

Statement of financial position

June 30, 2020

	June 30, 2020	June 30, 2019	December 31, 2019
	6 Months Unaudited	6 Months Unaudited	Audited
Assets	\$	\$	\$
Non-current assets			
Property, plant and equipment	399,931,269	383,523,192	400,614,099
Intangible asset	12,670,707	14,011,893	13,298,607
Investments	3,781,505	1,779,965	3,974,552
	<u>416,383,481</u>	<u>399,315,050</u>	<u>417,887,258</u>
Current assets			
Inventories	268,109,198	206,706,751	249,047,574
Trade and other receivables	89,928,084	153,652,993	140,413,502
Prepayments	18,251,312	38,706,945	36,258,739
Taxation recoverable	909,740	893,978	897,820
Bank and cash	95,974,936	76,769,702	62,540,044
	<u>473,173,270</u>	<u>476,730,369</u>	<u>489,157,679</u>
Total assets	<u>889,556,751</u>	<u>876,045,419</u>	<u>907,044,937</u>
Equity and liabilities			
Equity			
Share capital	88,151,214	88,151,214	88,151,214
Capital reserve	112,423,398	112,423,398	112,423,398
Retained profits	417,905,652	373,167,645	396,073,978
Total equity	<u>618,480,264</u>	<u>573,742,257</u>	<u>596,648,590</u>
Liabilities			
Non-current liabilities			
Borrowings	112,035,719	117,396,929	118,228,943
Other loans	51,777,463	51,905,055	50,786,114
Deferred tax liability	10,933,402	8,799,710	10,933,402
	<u>174,746,584</u>	<u>178,101,694</u>	<u>179,948,459</u>
Current liabilities			
Trade and other payables	69,945,749	94,900,254	96,726,727
Owing to Directors	33,204	511,504	33,204
Current portion of borrowings	22,681,130	22,950,651	30,307,373
Current portion of other loans	3,669,820	3,252,351	3,380,584
Current portion of finance lease	0	2,586,708	0
	<u>96,329,903</u>	<u>124,201,468</u>	<u>130,447,888</u>
Total liabilities	<u>271,076,487</u>	<u>302,303,162</u>	<u>310,396,347</u>
Total equity and liabilities	<u>889,556,751</u>	<u>876,045,419</u>	<u>907,044,937</u>

 Director

 Director

Stationery & Office Supplies Limited

Statement of profit or loss and other comprehensive income

Period ended June 30, 2020

	Quarter to June 30, 2020 Unaudited	YTD June 30, 2020 Unaudited	Quarter to June 30, 2019 Unaudited	YTD June 30, 2019 Unaudited	Year End December 31, 2019 Audited
			\$		\$
Revenue	135,214,974	472,117,390	295,081,972	638,548,573	1,217,983,130
Cost of sales	(72,664,241)	(244,355,612)	(141,351,512)	(316,392,458)	(635,366,957)
Gross Profit	62,550,733	227,761,778	153,730,460	322,156,115	582,616,173
Other income	4,401	6,389	0	130,451	419,426
Administrative and general expenses	(54,838,269)	(140,899,185)	(80,415,039)	(157,609,137)	(306,177,280)
Selling and promotional costs	(14,618,213)	(37,925,089)	(25,264,016)	(48,327,691)	(93,205,130)
Gain / (Impairment loss) on financial assets	64,134	(1,193,048)	241,735	297,342	(1,511,536)
Depreciation amortisation & impairment	(8,708,853)	(17,755,302)	(8,497,188)	(16,951,727)	(26,183,802)
Operating profit	(15,546,067)	29,995,543	39,795,952	99,695,353	155,957,851
Finance income	0	117,041	0	790,947	1,084,242
(Loss) / gain on foreign exchange	(2,912,514)	(4,771,321)	(890,035)	(1,238,681)	(5,228,422)
Finance costs	(3,511,476)	(6,849,672)	(4,787,913)	(7,748,603)	(15,264,990)
Profit on disposal of property plant and equipment	0	3,340,083	0	150,000	150,000
Profit before tax	(21,970,057)	21,831,674	34,118,004	91,649,016	136,698,681
Income tax (expense) / credit	0	0	0	0	(2,133,692)
Profit for the period, total comprehensive income for the period / year	(21,970,057)	21,831,674	34,118,004	91,649,016	134,564,989
Basic earnings per share	<u>-0.09</u>	<u>0.09</u>	<u>0.14</u>	<u>0.37</u>	<u>0.54</u>

Stationery & Office Supplies Limited

Statement of changes in equity

6 months ended June 30, 2020

	Share Capital \$	Capital Reserve \$	Retained Profits \$	Total \$
Balance at December 31, 2018.	88,151,214	112,423,398	294,024,654	494,599,266
Transaction with owners:				
Dividend Paid	0	0	(32,515,665)	(32,515,665)
Profit for the year being total comprehensive income	0	0	134,564,989	134,564,989
Balance at December 31, 2019	88,151,214	112,423,398	396,073,978	596,648,590
Profit for the period being total comprehensive income	0	0	21,831,674	21,831,674
Balance June 30 2020	<u>88,151,214</u>	<u>112,423,398</u>	<u>417,905,652</u>	<u>618,480,264</u>
Balance at December 31, 2018	88,151,214	112,423,398	294,024,654	494,599,266
Profit for the period being total comprehensive income			(12,506,025)	(12,506,025)
Profit for the period being total comprehensive income	0	0	91,649,016	91,649,016
Balance June 30, 2019	<u>88,151,214</u>	<u>112,423,398</u>	<u>373,167,645</u>	<u>573,742,257</u>

Stationery & Office Supplies Limited

Statement of cash flows

6 months ended June 30, 2020

	June 30, 2020	June 30, 2019	December 31 2019
	Unaudited	Unaudited	Audited
	\$	\$	
Cash flows from operating activities:			
Profit before tax	21,831,674	91,649,016	136,698,681
Adjustments for:			
Depreciation, amortisation and impairment	17,755,302	16,951,727	33,499,606
(Profit)/ Loss on foreign exchange on foreign currency loans	3,012,451	1,441,643	2,098,102
Profit on disposal of property, plant and equipment	(3,340,083)	(150,000)	(150,000)
Loss on Investments	(193,047)	-	(277,927)
Loss on financial assets recognised in profit or loss	-	(352,949)	-
Interest income	(117,041)	(790,947)	(806,315)
Interest expense	6,849,672	7,748,603	15,264,990
	45,798,928	116,497,093	186,327,137
Decrease / (Increase) in inventories	(19,061,624)	8,453,887	(33,886,936)
(Increase) / Decrease in trade and other receivables	50,485,418	(3,411,534)	9,827,957
(Increase) / Decrease in prepayments	18,007,427	(9,724,473)	(7,276,267)
(Decrease) / increase in trade and other payables	(26,780,978)	(40,042,955)	(38,216,482)
(Decrease) / Increase in owing to Directors	0	(173,938)	(652,238)
Cash generated from operations	68,449,171	71,598,080	116,123,171
Interest paid	(6,849,672)	(7,748,603)	(15,264,990)
Net cash provided by operating activities	61,599,499	63,849,477	100,858,181
Cash flows from investing activities:			
Interest received net of withholding tax	117,041	738,952	750,477
Purchase of property, plant and equipment	(17,773,861)	(10,431,046)	(43,356,545)
Proceeds from sale of fixed assets.	3,343,083	150,000	150,000
Purchases of shares	0	0	(2,786,357)
Proceeds from disposal of shares	0	0	516,748
Net cash used in investing activities	(14,313,737)	(9,542,094)	(44,725,677)
Cash flows from financing activities			
Dividends Paid	0	(12,506,025)	(32,516,665)
Proceeds from Borrowings	0	5,000,000	22,992,000
Repayment of borrowings	(12,118,404)	(8,288,158)	(23,091,423)
Repayment of other loans	(1,732,466)	(6,551,816)	(3,198,982)
Repayment of finance lease	0	(3,971,364)	(6,558,072)
Net cash provided by financing activities	(13,850,870)	(26,317,363)	(42,373,142)
Net increase/(decrease) in cash and cash equivalents	33,434,892	27,990,020	13,759,362
Cash and cash equivalents at beginning of period	62,540,044	48,779,682	48,779,682
Cash and cash equivalents at end of period	95,974,936	76,769,702	62,539,044



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Stationery & Office Supplies Limited Notes to the Unaudited Financial Statements

June 30, 2020

1. Identification and activities

Stationery and Office Supplies Limited is a limited liability company incorporated under the Laws of Jamaica on July 23, 1965. The company became a subsidiary of Outlook Limited (see note 3) and is domiciled in Jamaica with registered offices located at 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies.

The main activity of the company is the sale of office furniture, fixtures, stationery and other office supplies.

These financial statements are presented in Jamaica Dollars.

2. Articles Of Incorporation

At an Extraordinary General Meeting held on March 29, 2017 the company approved the adoption of new Articles of Incorporation to replace the existing Articles and Memorandum of Association; as is necessary for the transition to a public company. The Articles of Incorporation were amended in order to make them complaint with the requirements of a public company pursuant to the Companies Act of Jamaica, and to also make the Articles compliant with the requirements of a public listed company pursuant to the rules of the Junior Market of the Jamaica Stock Exchange.

3. Share Capital

Following a Directors Meeting and an Extraordinary General Meeting held on March 29, 2017 approval was given to restructure the share capital of the company. The authorised ordinary share capital moved from 2,000 shares without par value to 10,000,000 ordinary shares without par value. The Company's ordinary share capital was then sub divided with each ordinary share being divided into 50 ordinary shares. Under a scheme of reorganisation Outlook Limited were allotted 199,996,400 shares; the shares held by David & Marjorie McDaniel (100,000) were also transferred to Outlook Limited.

4. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared on the accruals and under the historical cost convention as modified by the revaluation of properties.



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5. These unaudited financial financials are consistent with the accounting policies of the most recent Audited Financial Statements.

6. Use of estimates and judgements
The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and managements best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.
There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.