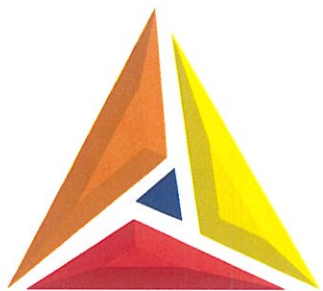


P A R A M O U N T
J a m a i c a

PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

THIRD QUARTER ENDED FEBRUARY 29, 2020



PARAMOUNT Jamaica

Paramount Trading (Jamaica) Limited Report to Stockholders Nine months ended February 29, 2020

The Board of Directors is pleased to present the unaudited results of the Company for the nine (9) months ended February 29, 2020.

The financial highlights are as follows:

Earnings per share of \$0.032; (2019: \$0.030)

Net Profit of \$48.8 million; (2019: \$45.5 million)

Book value of \$790.2 million, (2019: \$724.2 million)

The company produced a profit after tax of \$48.8 million compared to \$45.5 million for the corresponding nine-month period last year. This 7% increase in net profit was mainly attributed to the reduction in operating expenses, resulting from the restructuring exercise carried out in the latter part of the prior year.

For the nine months ended February 29, 2020, revenue earned of \$1,149.7 million was 3% less than the \$1,189.6 million for the prior year. Gross profit of \$342.4 million reflected 8% decline over 2019.

Other operating income for the nine-month period of \$39.6 million increased by \$26.3 million or 198% over prior year. This additional income was mainly as a result of foreign exchange gains.

Operating expenses of \$298.1 million was 8% less than 2019 driven primarily by our cost containment programs.

Earnings per stock unit of \$0.032 improved over 2019 (\$0.030) by 7%.

For the third quarter, Paramount earned revenue of \$381.5 million compared to third quarter revenue earned last year of \$394.0 million, a 3% decline. Gross profit declined by 6% moving from \$118.4 million last year to \$111.3 million this year.

The company produced third quarter profit after tax of \$9.2 million compared to \$8.0 million for the prior period.

For the third quarter, Paramount's administrative expenses improved, quarter on quarter, by 7.0%; \$100.7 million incurred for the 2020 quarter compared to \$107.5 million of the prior period. This was as a result of the company's cost containment programme and expense rationalization. Selling and Distribution cost was above prior year by 8% - \$6.2 million for 2020 compared to \$5.7 million for the same period last year.

Net finance cost for the quarter amounted to \$10.5 million compared to a \$3.1 million recognized in 2019. This was mainly due to the interest cost on the 8.75% preference shares issued during the last quarter of financial year 2018 /2019.

We spent \$282 million on capital expenditure as we continue to build out our manufacturing capacity. This expansion was financed, in the main, by the proceeds from our preference share issued in 2019.

The growth in shareholders' equity of \$790.2 million represents a 7.0% growth over the 2019 year-end position of \$741.4 million and a 9% improvement over this time last year.

Paramount holds steadfast to its business model as it continues to build its manufacturing capacity. The Board and management are committed to ensuring that the company continues on its growth path, and it is expected that the combined focus on strong income and cost containment will deliver the strategic objectives.

We continue to express our thanks to our team, customers and shareholders for their confidence in us.



Radcliff Knibbs
Chairman

Paramount Trading (Jamaica) Limited

Third quarter ended February 29, 2019

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PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Third Quarter ended February 29, 2020

	Notes	3 Months	3 Months		February 2019	May 2019
		Ended February	ended February	February 2020	Year-to-date	12 Months
		29, 2020	28,2019	Year-to-date	Unaudited	ended
		Unaudited	Unaudited	Unaudited	(As Restated)	Audited
		\$	\$	\$	\$	\$
Revenue		381,505,474	394,029,280	1,149,723,307	1,189,568,099	1,595,644,995
Direct Expenses		270,209,028	275,588,810	807,301,182	814,052,851	1,093,782,137
Gross Profit		111,296,446	118,440,470	342,422,125	375,515,249	501,862,858
Other Operating Income		16,717,494	7,090,866	39,615,953	13,301,008	16,990,695
		128,013,940	125,531,336	382,038,078	388,816,256	518,853,553
Less Operating Expenses:						
Administrative		100,727,260	107,533,467	284,034,761	309,279,229	401,762,914
Selling & Distribution		6,204,334	5,790,044	14,057,283	14,926,880	19,945,137
		106,931,594	113,323,511	298,092,044	324,206,109	421,708,051
Operating Profit before Finance Costs		21,082,346	12,207,825	83,946,034	64,610,148	97,145,502
Finance Income/(Costs)		(10,859,101)	(3,757,772)	(30,490,296)	(13,922,814)	(23,161,360)
Interest Income		335,933	580,896	2,297,947	801,663	1,637,477
Net Finance Income/(Costs)		(10,523,168)	(3,176,875)	(28,192,349)	(13,121,151)	(21,523,883)
Profit Before Taxation		10,559,178	9,030,949	55,753,685	51,488,997	75,621,619
Taxation	4	1,319,897	985,712	6,969,210	5,965,306	12,978,521
Net profit for the year being total comprehensive income		9,239,281	8,045,238	48,784,475	45,523,691	62,643,098
Earning per Stock Unit	5	0.006	0.005	0.032	0.030	0.040

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT FEBRUARY 29, 2020

	Notes	February 2020 Unaudited \$	February 2019 Unaudited (As restated) \$	May 2019 Audited \$
Non-Current Assets:				
Property, plant & equipment		603,581,561	266,250,951	360,287,984
Investments		96,729,950	7,388,295	251,448,923
Current Assets:				
Inventories		583,159,518	582,934,467	547,909,019
Taxation Recoverable		2,257,454	1,462,021	1,670,977
Receivables		357,928,217	455,431,948	373,001,691
Cash and cash equivalents		88,836,157	5,643,783	45,455,080
		1,032,181,346	1,045,472,219	968,036,767
Current Liabilities				
Payables		481,483,318	528,794,429	483,704,304
Taxation Payable		13,309,708	1,890,380	8,808,722
Current portion of long term borrowings		12,597,759	11,853,628	12,381,431
		507,390,786	542,538,437	504,894,457
Net current assets		524,790,561	502,933,782	463,142,310
Total assets less current liabilities		1,225,102,071	776,573,028	1,074,879,217
Equity:				
Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		712,661,462	646,757,579	663,876,987
		790,153,705	724,249,822	741,369,230
Non-current liabilities:				
Long term borrowings		140,937,962	47,214,564	48,277,850
Preference Shares		285,369,556	-	276,591,289
Deferred Tax Liability		8,640,849	5,108,642	8,640,848
		434,948,366	52,323,206	333,509,987
Total equity and non-current liabilities		1,225,102,071	776,573,028	1,074,879,217

Approved and signed on behalf of the Board by:

Director

Director

PARAMOUNT TRADING (JAMAICA) LIMITED

STATEMENT OF CHANGES IN EQUITY

Third quarter ended February 29, 2019

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2018	77,492,243	662,932,572	740,424,815
Total comprehensive income	-	45,523,691	45,523,691
Dividends		(61,698,683)	(61,698,683)
Balances at February 28, 2019	77,492,243	646,757,580	724,249,822

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2019	77,492,243	663,876,987	741,369,230
Total comprehensive income	-	48,784,475	48,784,475
Balances at February 29, 2020	77,492,243	712,661,462	790,153,705

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF CASH FLOWS
Third Quarter ended February 29, 2020

	February 2020 Unaudited	February 2019 Unaudited (As restated)	May 2019 Audited
	\$	\$	\$
Cash flows from operating activities:			
Net profit for the period	48,784,475	45,523,691	62,643,099
Adjustments for:			
Depreciation	39,196,748	33,289,808	45,033,157
Provision for deferred taxes	0		3,532,207
Interest income	(2,297,947)	(801,663)	(1,637,477)
Interest expense	30,490,296	13,922,814	23,161,360
	116,173,572	91,934,650	132,732,346
Changes in operating assets and Liabilities:			
Inventories	(35,250,499)	(82,910,368)	(47,884,920)
Receivables	15,073,474	(77,297,888)	5,132,369
Payables	(2,220,986)	117,998,387	72,908,264
Taxation Recoverables	(586,478)	(132,528)	(341,386)
Taxation Payables	4,500,986	(1,400,585)	5,517,757
	(18,483,503)	(43,742,982)	35,332,084
Cash generated from operations	97,690,070	48,191,668	168,064,429
Interest received	2,297,947	801,663	1,637,477
Interest Paid	(30,490,296)	(13,922,814)	(23,161,360)
Net cash provided by operating activities	69,497,721	35,070,517	146,540,547
Cash flows from investing activity:			
Purchase of Property, plant and equipment	(282,490,325)	(35,943,114)	(141,723,594)
Net cash used in investing activity	(282,490,325)	(35,943,114)	(141,723,594)
Cash flows from financing activities:			
Dividends Paid	-	(61,698,683)	(61,698,683)
Loans, net	101,654,707	(10,477,257)	267,705,120
Net cash provided by/(used in) financing activities	101,654,707	(72,175,940)	206,006,437
Net (decrease)/increase in cash resources	(111,337,898)	(73,048,537)	210,823,390
Cash resources at the beginning of the period	296,904,004	86,080,614	86,080,614
Cash resources at the end of the period	185,566,106	13,032,078	296,904,004
Represented by:			
Investments	96,729,950	7,388,295	251,448,924
Cash and cash equivalents	88,836,157	5,643,783	45,455,080
	185,566,106	13,032,078	296,904,004

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

Third quarter ended February 29, 2020

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 manufacture 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, 2019, 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, 2019.

(a) Depreciation:

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

(b) Trade receivables

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

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

Third quarter ended February 29, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Inventories

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

(d) Borrowing and borrowing costs

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

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

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

4. TAXATION

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 31, 2012. Consequently, the Company is entitled to a remission of taxes for 10 years in the proportions set out below, provided the shares remain listed for at least 15 years:

Years 1 to 5	100%
Years 6 to 10	50%

5. EARNINGS PER STOCK UNIT

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

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements

Third quarter ended February 29, 2020

6. SHARE CAPITAL

	<u>2019</u>	<u>2018</u>
Authorised:		
1,620,000,000 (162,000,000)		
Ordinary shares of no par value		
 <u>Issued and fully paid</u>		
1,542,467,080 (1542,467,080)	77,492,243	77,492,243
shares		

TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS

FEBRUARY 29, 2020

Top 10 Stockholders

Hugh Graham
Radcliff Knibbs
Libnah Graham
Jean Louis Graham

Vaughn Phang
Ursus Corporation Limited
James Lechler
Jason Carl Carby
G.I. Enterprises Limited
Lannaman and Morris Ltd

Number of Shares Held

1,233,966,840
144,059,764
27,820,000
17,300,000

13,242,904
12,541,170
8,101,523
6,498,740
4,920,000
4,208,000

Directors and Senior Officers

Hugh Graham
Jukie Chin
Sharon Donaldson
Daryl Fong Kong
Radcliff Knibbs
James Lechler
Richard Rogers

Vaughn Phang
Anna Maria Graham
Metry Seaga
Jacqueline Somers

Number of Shares Held

1,233,966,840
420,000
1,410,000
420,120
144,059,764
8,101,523
420,120

13,242,904
3,250,000
0
0