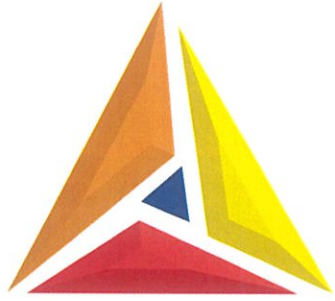


P A R A M O U N T
J a m a i c a

PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FIRST QUARTER ENDED AUGUST 31, 2020



PARAMOUNT Jamaica

Paramount Trading (Jamaica) Limited Report to Stockholders Three months ended August 31, 2020

The Board of Directors is pleased to present the unaudited results of the Company for the three (3) months ended August 31, 2020.

The financial highlights are as follows:

Earnings per share of \$0.010; (2019: \$0.009)

Net Profit of \$15.2 million; (2019: \$14.6 million)

Book value of \$809.6 million, (2019: \$755.9 million)

The Company produced a profit after tax of \$15.2 million compared to \$14.6 million for the corresponding three-month period last year. This 4% increase in net profit was mainly as a result of improvement in our gross profit margin arising from a reduction in cost of goods sold.

For the three months ended August 31, 2020, revenue earned of \$362.0 million was \$1.4 million better than the \$360.6 million for the prior year. Gross profit of \$116.3 million showed a 9% improvement over prior year's \$106.5 million.

Other operating income for the three-months period of \$5.1 million reflected a 50% reduction down from the \$10.0 million earned in the prior year. The foreign exchange devaluation was the main driver for this negative variance.

Operating expenses of \$91.1 million was basically the same as prior year. We were still able to hold our operating cost at last year's level despite the additional cost we incurred to battle the impact of COVID-19. Administrative expenses were 1% above prior year while selling and distribution was 24% below prior year.

Earnings per stock unit for the period of \$0.010 improved over 2019 \$0.009 earnings.


Finance cost for the quarter was \$13.1 million compared to a \$10.1 million incurred in 2019; a 30% increase. This was mainly due to the interest cost on additional loans.

The Company has responded and will continue to react to the challenges of the COVID-19 epidemic in a proactive and responsible manner. We have structured our operational framework in a manner to prioritise the

safety of our staff members, customers and other stakeholders. We continue to pivot our operation to take advantage of any opportunity arising as a result of the pandemic.

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.



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Radcliff Knibbs
Chairman

Paramount Trading (Jamaica) Limited

First Quarter ended August 31, 2020

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PARAMOUNT TRADING (JAMAICA) LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 First Quarter ended August 31, 2020

	<u>Notes</u>				
	<u>3 Months Ended August 31, 2020 Unaudited</u>	<u>3 Months ended August 31, 2019 Unaudited</u>	<u>August 2020 Year-to-date Unaudited</u>	<u>August 2019 Year-to-date Unaudited</u>	<u>May 2020 12 Months ended Audited</u>
	\$	\$	\$	\$	\$
Revenue	362,007,886	360,574,100	362,007,886	360,574,100	1,515,582,258
Direct Expenses	245,673,856	254,122,388	245,673,856	254,122,388	1,047,403,570
Gross Profit	116,334,030	106,451,712	116,334,030	106,451,712	468,178,688
Other Operating Income	5,054,751	10,000,814	5,054,751	10,000,814	24,936,710
	121,388,781	116,452,526	121,388,781	116,452,526	493,115,398
Less Operating Expenses:					
Administrative	89,335,795	88,852,392	89,335,795	88,852,392	366,884,429
Selling & Distribution	1,733,678	2,291,584	1,733,678	2,291,584	18,811,448
	91,069,473	91,143,976	91,069,473	91,143,976	385,695,877
Operating Profit before Finance Costs	30,319,308	25,308,550	30,319,308	25,308,550	107,419,521
Finance Income/(Costs)	(13,081,569)	(10,079,127)	(13,081,569)	(10,079,127)	(47,935,902)
Interest Income	109,498	1,477,092	109,498	1,477,092	2,534,621
Net Finance Income/(Costs)	(12,972,071)	(8,602,035)	(12,972,071)	(8,602,035)	(45,401,281)
Profit Before Taxation	17,347,237	16,706,515	17,347,237	16,706,515	62,018,240
Taxation	2,168,405	2,088,314	2,168,405	2,088,314	8,998,751
Net profit for the year being total comprehensive income	15,178,832	14,618,201	15,178,832	14,618,201	53,019,489
Earning per Stock Unit	0.010	0.009	0.010	0.009	0.034

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2020

Notes	<u>August 2020</u>	<u>August 2019</u>	<u>May 2020</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
	\$	\$	\$
Non-Current Assets:			
Property, plant & equipment	601,695,958	349,760,258	609,095,561
Right of Use Asset	80,963,824	-	83,277,076
Investments	137,746,654	198,397,691	34,018,405
Current Assets:			
Inventories	534,908,099	452,420,331	683,563,912
Taxation Recoverable	2,347,870	2,040,251	4,250,405
Receivables	292,076,563	351,261,207	270,174,419
Cash and cash equivalents	71,342,302	78,474,104	178,386,497
	900,674,835	884,195,894	1,136,375,233
Current Liabilities			
Payables	367,763,502	320,665,532	515,024,159
Taxation Payable	2,168,405	10,074,295	0
Current portion of long term borrowings	35,690,977	12,381,431	35,690,977
Current portion of lease Liability	7,394,545		7,394,545
	413,017,429	343,121,258	558,109,681
Net current assets	487,657,406	541,074,636	578,265,552
Total assets less current liabilities	1,308,063,842	1,089,232,585	1,304,656,594
Equity:			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	732,075,308	678,495,188	716,896,476
	809,567,551	755,987,431	794,388,719
Non-current liabilities:			
Long term borrowings	113,331,034	45,086,927	126,162,056
Lease Liability	76,303,925		78,170,576
Preference Shares	291,221,733	279,517,378	288,295,644
Deferred Tax Liability	17,639,599	8,640,849	17,639,599
	498,496,291	333,245,154	510,267,875
Total equity and non-current liabilities	1,308,063,842	1,089,232,585	1,304,656,594

Approved and signed on behalf of the Board by:

 Director

 Director

PARAMOUNT TRADING (JAMAICA) LIMITED

STATEMENT OF CHANGES IN EQUITY

First quarter ended August 31, 2020

	<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	-	14,618,201	14,618,201
Dividends			
Balances at August 31, 2019	<u>77,492,243</u>	<u>678,495,188</u>	<u>755,987,431</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2020	77,492,243	716,896,476	794,388,719
Total comprehensive income	-	15,178,832	15,178,832
Balances at August 31, 2020	<u>77,492,243</u>	<u>732,075,308</u>	<u>809,567,551</u>

PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF CASH FLOWS
First Quarter ended August 31, 2020

	<u>August 2020</u> <u>Unaudited</u>	<u>August 2019</u> <u>Unaudited</u>	<u>May 2020</u> <u>Audited</u>
	\$	\$	
Cash flows from operating activities:			
Net profit for the period	15,178,832	14,618,201	53,019,489
Adjustments for:			
Gain on disposal of Property, Plant & equipment	-	-	(3,510,000)
Depreciation	11,928,543	11,699,883	45,031,782
Depreciation-Right of Use	2,313,252	-	9,253,008
Provision for deferred taxes	-	-	8,998,751
Interest income	(109,498)	(1,477,092)	(2,534,621)
Interest expense	13,081,569	10,079,126	47,935,902
	42,392,698	34,920,118	158,194,311
Changes in operating assets and Liabilities:			
Inventories	148,655,813	95,488,689	(135,654,893)
Receivables	(21,902,145)	21,740,484	102,827,272
Payables	(147,260,658)	(163,038,773)	31,319,855
Taxation Recoverables	1,902,536	(369,275)	(2,579,428)
Taxation Payables	2,168,405	1,265,573	(8,808,722)
	(16,436,049)	(44,913,302)	(12,895,916)
Cash generated from operations	25,956,649	(9,993,183)	145,298,395
Interest received	109,498	1,477,092	2,534,621
Interest Paid	(13,081,569)	(10,079,126)	(47,935,902)
Net cash provided by/used in operating activities	12,984,578	(18,595,217)	99,897,114
Cash flows from investing activities:			
Purchase of Property, plant and equipment	(4,528,940)	(1,172,156)	(293,839,302)
Proceed from sale of Asset	-	-	3,510,000
Right of Use	-	-	(92,530,084)
Net cash used in investing activities	(4,528,940)	(1,172,156)	(382,859,386)
Cash flows from financing activities:			
Dividends Paid	-	-	-
Loans, net	(9,904,933)	(264,835)	105,933,087
Finance Lease	(1,866,651)	-	92,530,084
Net cash provided by/(used in) financing activities	(11,771,584)	(264,835)	198,463,171
Net (decrease)/increase in cash resources	(3,315,946)	(20,032,209)	(84,499,101)
Cash resources at the beginning of the period	212,404,902	296,904,003	296,904,003
Cash resources at the end of the period	209,088,956	276,871,795	212,404,902
Represented by:			
Investments	137,746,654	198,397,691	34,018,405
Cash and cash equivalents	71,342,302	78,474,104	178,386,497
	209,088,956	276,871,795	212,404,902

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

First Quarter ended August 31, 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 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, 2020, 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, 2020.

(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 First Quarter ended August 31, 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
First Quarter ended August 31, 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) shares	77,492,243	77,492,243

**TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR
OFFICERS' INTERESTS
AUGUST 31,2020**

Top 10 Stockholders	Number of Shares Held
Hugh Graham	1,233,966,840
Radcliff Knibbs	144,059,764
Libnah Graham	27,820,000
Jean Louis Graham	17,300,000
Vaughn Phang	13,242,904
Ursus Corporation Limited	12,541,170
Jason Carl Carby	6,498,740
G.I. Enterprises Limited	4,920,000
James Lechler	4,896,662
Lannaman and Morris Ltd	4,208,000

Directors and Senior Officers	Number of Shares Held
Hugh Graham	1,233,966,840
Jukie Chin	420,000
Sharon Donaldson	1,410,000
Radcliff Knibbs	144,059,764
James Lechler	4,896,662
Richard Rogers	420,120
Anna Maria Graham	3,250,000
Metry Seaga	0
Jacqueline Somers	0
Vaughn Phang	13,242,904
Maxine Hutchinson	0
Junior Levine	0
Thausha Martin	0