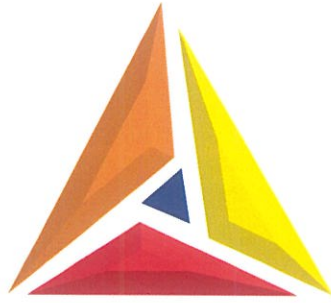


P A R A M O U N T
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PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

THIRD QUARTER ENDED FEBRUARY 28, 2021



PARAMOUNT Jamaica

Paramount Trading (Jamaica) Limited Report to Stockholders Nine months ended February 28, 2021

The Board of Directors is pleased to present the unaudited results of the Company for the nine (9) months ended February 28, 2021.

The financial highlights are as follows:

Revenue \$1,015.9 million; (2020: \$1,149.7 million)

Earnings per share of \$0.018; (2020: \$0.032)

Net Profit of \$27.7 million; (2020: \$48.8 million)

Book value of \$760.4 million, (2020: \$790.2 million)

Dividend Paid of \$61.7 million; (2020: \$0)

Gross revenue for the third quarter was \$347.2 million, which showed a 9 percent decline compared to the prior year's revenue of \$381.5 million. Third quarter revenue registered a 13 percent improvement over the second quarter results. Gross profit for the quarter of \$107.7 million reflected a 3 percent decline over the prior year's gross profit of \$111.3 million. We realized a gross margin of 31.0 percent compared to prior year's margin of 29.2 percent. The economic contraction continued to plague our income. However, we were able to extract a higher gross profit percentage from the reduced sales levels.

There was a reduction of 13 percent in administration cost in the third quarter with cost being reduced from \$107.0 million to \$93.1 million. Administration cost of \$89.9 million was less than prior year's \$100.7 million by 11 percent. Paramount continues to suppress its administration cost during the third quarter despite the negative impact of current inflation. Selling and distribution of \$3.1 million reflected a 50 percent reduction from prior year.

Finance cost for the third quarter of \$11.5 million increased over the prior year by 6 percent.

Paramount third quarter profit before taxes of \$9.2 million was 13 percent less than the \$10.6 million achieved in the prior year.

For the nine-month period ended February 28 2021, revenue earned of \$1,015.9 million was \$133.9 million less than the \$1,149.7 million earned in the prior year.

Other operating income for the year to date of \$18.8 million was 53 percent less than the \$39.6 million earned in the prior year. This was mainly associated with foreign exchange gains and losses.

Year to date operating expenses of \$275.1 million showed an 8 percent reduction from prior year operating expenses of \$298.1 million. The cost restructuring exercise the company undertook early in the pandemic is bearing some fruits in the expense side of the business. Administration cost of \$266.8 million showed a 6 percent reduction over prior year's cost of \$284.0 million. Selling and distribution expenses of \$8.3 million was 41 percent less than prior year.

Finance cost for the nine-months period reflected an increase by 22% from \$30.5 million in prior year to \$37.3 million. This was mainly due to the interest cost as a result of the increase in our long term liabilities.

Profit before taxes of \$31.7 million was 43 percent less than prior year's results. As a result, earning per stock unit year to date was \$0.018 compared to last year's results of \$0.032.

The nine-month period ending February 28, 2021 was very challenging as the company continued to battle the negative impact of the COVID-19 pandemic. Our lubricant division was directly impacted by the general decrease in the transportation sector, while our food grade division suffered from the closure of educational institutions and the lock down of the entertainment industry.

Despite the issues associated with the pandemic, Paramount's third quarter should be viewed from a positive perspective as we experienced improvement in our revenue, gross profit and net profit over the previous quarter's results.

We will maintain our cost rationalization program as we continue to make all efforts to take advantage of any revenue opportunities that may arise.

The Board of Directors and management team remains steadfast in ensuring that the Company continues on 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

Paramount Trading (Jamaica) Limited

Third Quarter ended February 28, 2021

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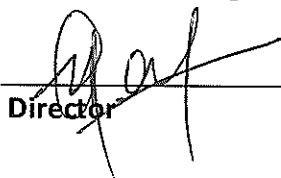
PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Third Quarter ended February 28, 2021

<u>Notes</u>	<u>3 Months</u> <u>ended February</u> <u>28, 2021</u> <u>Unaudited</u> \$	<u>3 Months</u> <u>ended Feb</u> <u>28, 2020</u> <u>Unaudited</u> \$	<u>February 2021</u> <u>Year-to-date</u> <u>Unaudited</u> \$	<u>February 2020</u> <u>Year-to-date</u> <u>Unaudited</u> \$	<u>May 2020</u> <u>12 Months</u> <u>ended</u> <u>Audited</u> \$
Revenue	347,241,034	381,505,474	1,015,851,533	1,149,723,307	1,515,582,258
Direct Expenses	239,530,721	270,209,028	691,785,656	807,301,182	1,047,403,570
Gross Profit	107,710,313	111,296,446	324,065,877	342,422,125	468,178,688
Other Operating Income	6,029,284	16,717,494	18,776,919	39,615,953	24,936,710
	113,739,597	128,013,940	342,842,796	382,038,078	493,115,398
Less Operating Expenses:					
Administrative	89,938,620	100,727,260	266,764,639	284,034,761	366,884,429
Selling & Distribution	3,132,459	6,204,334	8,336,542	14,057,283	18,811,448
	93,071,079	106,931,594	275,101,181	298,092,044	385,695,877
Operating Profit before Finance Costs	20,668,518	21,082,346	67,741,615	83,946,033	107,419,521
Finance Income/(Costs)	(11,525,337)	(10,859,101)	(37,276,054)	(30,490,296)	(47,935,902)
Interest Income	54,878	335,933	1,241,261	2,297,947	2,534,621
Net Finance Income/(Costs)	(11,470,459)	(10,523,168)	(36,034,793)	(28,192,349)	(45,401,281)
Profit Before Taxation	9,198,059	10,559,178	31,706,822	55,753,684	62,018,240
Taxation	1,149,757	1,319,897	3,963,353	6,969,210	8,998,751
Net profit for the year being total comprehensive income	8,048,302	9,239,281	27,743,469	48,784,474	53,019,489
Earning per Stock Unit	0.005	0.006	0.018	0.032	0.034


PARAMOUNT TRADING (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT FEBRUARY 28, 2021

	Notes	<u>February 2021</u>	<u>February 2020</u>	<u>May 2020</u>
		<u>Unaudited</u>	<u>Unaudited</u>	<u>Audited</u>
		\$	\$	\$
Non-Current Assets:				
Property, plant & equipment		580,831,794	603,581,561	609,095,561
Right of Use Asset		76,337,320	-	83,277,076
Investments		169,345,419	96,729,950	34,018,405
Current Assets:				
Inventories		440,025,890	583,159,518	683,563,912
Taxation Recoverable		2,394,650	2,257,454	4,250,405
Receivables		293,145,687	357,928,217	270,174,419
Cash and cash equivalents		44,319,525	88,836,157	178,386,497
		779,885,752	1,032,181,346	1,136,375,233
Current Liabilities				
Payables		303,776,080	481,483,318	515,024,159
Taxation Payable		3,963,353	13,309,708	0
Current portion of long term borrowings		35,690,977	12,597,759	35,690,977
Current portion of lease Liability		7,394,545		7,394,545
		350,824,955	507,390,785	558,109,681
Net current assets		429,060,797	524,790,561	578,265,552
Total assets less current liabilities		1,255,575,330	1,225,102,072	1,304,656,594
Equity:				
Issued capital		77,492,243	77,492,243	77,492,243
Retained earnings		682,941,264	712,661,462	716,896,476
		760,433,507	790,153,705	794,388,719
Non-current liabilities:				
Long term borrowings		108,066,636	140,937,962	126,162,056
Lease Liability		72,361,677		78,170,576
Preference Shares		297,073,911	285,369,556	288,295,644
Deferred Tax Liability		17,639,599	8,640,849	17,639,599
		495,141,823	434,948,367	510,267,875
Total equity and non-current liabilities		1,255,575,330	1,225,102,072	1,304,656,594

Approved and signed on behalf of the Board by:



 Director



 Director

PARAMOUNT TRADING (JAMAICA) LIMITED

STATEMENT OF CHANGES IN EQUITY

Third quarter ended February 28, 2021

	<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	663,876,988	741,369,231
Total comprehensive income	-	48,784,474	48,784,474
Dividends			
Balances at February 28, 2020	<u>77,492,243</u>	<u>712,661,462</u>	<u>790,153,705</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	-	27,743,469	27,743,469
Dividends		(61,698,683)	(61,698,683)
Balances at February 28, 2021	<u>77,492,243</u>	<u>682,941,264</u>	<u>760,433,507</u>

PARAMOUNT TRADING (JAMAICA) LIMITED

STATEMENT OF CASH FLOWS

Third Quarter ended February 28, 2021

	<u>February 2021</u>	<u>February 2020</u>	<u>May 2020 Audited</u>
	<u>Unaudited</u>	<u>Unaudited</u>	
	\$	\$	
Cash flows from operating activities:			
Net profit for the period	27,743,469	48,784,474	53,019,489
Adjustments for:			
Gain on disposal of Property, Plant & equipment	-	-	(3,510,000)
Depreciation	35,780,654	39,196,748	45,031,782
Depreciation-Right of Use	6,939,756	-	9,253,008
Provision for deferred taxes	-	-	8,998,751
Interest income	(1,241,261)	(2,297,947)	(2,534,621)
Interest expense	37,276,054	30,490,296	47,935,902
	106,498,672	116,173,571	158,194,311
Changes in operating assets and Liabilities:			
Inventories	243,538,023	(35,250,499)	(135,654,893)
Receivables	(22,971,268)	15,073,474	102,827,272
Payables	(211,248,077)	(2,220,984)	31,319,855
Taxation Recoverables	1,855,755	(586,478)	(2,579,428)
Taxation Payables	3,963,353	4,500,986	(8,808,722)
	15,137,786	(18,483,501)	(12,895,916)
Cash generated from operations	121,636,458	97,690,071	145,298,395
Interest received	1,241,261	2,297,947	2,534,621
Interest Paid	(37,276,054)	(30,490,296)	(47,935,902)
Net cash provided by/(used in) operating activities	85,601,665	69,497,722	99,897,114
Cash flows from investing activities:			
Purchase of Property, plant and equipment	(7,516,888)	(282,490,325)	(293,839,302)
Proceed from sale of Asset	-	-	3,510,000
Right of Use	-	-	(92,530,084)
Net cash used in investing activities	(7,516,888)	(282,490,325)	(382,859,386)
Cash flows from financing activities:			
Dividends Paid	(61,698,683)	-	-
Loans, net	(9,317,153)	101,654,707	105,933,087
Finance Lease	(5,808,899)	-	92,530,084
Net cash provided by/(used in) financing activities	(76,824,735)	101,654,707	198,463,171
Net (decrease)/increase in cash resources	1,260,042	(111,337,897)	(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	213,664,944	185,566,107	212,404,902
Represented by:			
Investments	169,345,419	96,729,950	34,018,405
Cash and cash equivalents	44,319,525	88,836,157	178,386,497
	213,664,944	185,566,107	212,404,902

Paramount Trading (Jamaica) Limited

Notes to Interim Financial Statements

Third Quarter ended February 28, 2021

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
Third Quarter ended February 28, 2021

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 28, 2021

6. SHARE CAPITAL

	<u>2021</u>	<u>2020</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
FEBRUARY 28, 2021**

Top 10 Stockholders

	Number of Shares Held
Hugh Graham	1,233,966,840
Radcliff Knibbs	83,560,404
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
Anna Maria Graham	63,749,360

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	83,560,404
James Lechler	4,896,662
Richard Rogers	420,120
Anna Maria Graham	63,749,360
Metry Seaga	0
Jacqueline Somers	0
Vaughn Phang	13,242,904
Maxine Hutchinson	0
Junior Levine	0
Thausha Martin	0