PARAMOUNT ANNUAL REPORT 2021

PARAMOUNT
Jamaica

PARAMOUNT
Jamaica

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QUALITY INNOVATION VALUE

OUR MISSION

Our mission is to provide our customers with quality chemical products and services, guided by the principles of honesty, integrity, and rigorous adherence to stringent safety standards and procedures, for the protection of both people and the physical environment. We will foster team-work, accountability and innovation among our employees, and encourage their lifelong learning and personal development.

OUR VALUES

We hold closest to our hearts the values of honesty, integrity, teamwork, and accountability. We recognize that the contribution of each individual is fundamental to our on-going success and therefore, we provide opportunities for personal growth and encourage employee involvement at all levels.

OUR VISION

To be a chemical industry leader and exemplary employer that remains success-driven and constantly energised through our passion to develop and fully satisfy our customers' needs for our products and services.

Chairman's Review

DEAR SHAREHOLDERS,

The 2020-2021 financial year saw a continuation of adjustments by the Company, as we grappled with the challenges and opportunities of a changing market and global economy, heavily influenced by the COVID 19 pandemic.

Our growth strategy helped us to identify and capitalize on new opportunities to further expand our own unique product offerings as well as increase support to the manufacturing sector. Furthermore, our strategy initiatives aided us in coping with the global disruption in supply chain and a fluctuating currency in FY2020-2021.

We remained agile during the period, with continuous monitoring and process improvements to our systems, operations and products. We were also able to accomplish mandates set from the previous year, including:

- Building out offerings for sanitation and cleaning products through our technical division to support a growing demand for these products;
- Launching our lubricant packaging line for passenger car motor oils (PCMO) and establishing contract manufacturing agreements with industry players;
- Establishing distribution channels for some product lines;
- Rationalizing operations and products to improve efficiency and profitability.

We achieved $1438 million in annual revenue, which was a shortfall of $78.0 million from last year's revenue of $1515.6 million. The slight decrease in revenue was mainly due to rationalizing our product offering and lower revenues in our Construction and Lubricant divisions.

A net profit of $63.6 million was recorded, compared with $53.0 million from last year. This profit was due mainly to increased operating income from new product lines and containing of administrative expenses.

Outlook

We will continue to focus on operational efficiency, sustaining and improving our existing businesses and converting the opportunities presented by the rapidly changing environment.

Radcliff Knibbs

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Paramount Trading (Jamaica) Limited (the "Company") will be held on **Saturday, November 20th, 2021** at **10:00 a.m.** at **The Liguanea Club, Knutsford Boulevard, Kingston 5, Saint Andrew** for shareholders of the Company to consider and, if thought fit, to pass the following resolutions:

ORDINARY RESOLUTIONS

1. RECEIPT OF AUDITED ACCOUNTS

   To receive the audited accounts of the Company for the year ended 31st May 2021 together with the reports of the auditors and the Board of Directors thereon:

   "THAT the audited annual accounts of the Company for the year ended 31st May 2021 along with the reports of the auditors and the Board Directors thereon, be and are hereby adopted."

2. RETIREMENT OF DIRECTORS BY ROTATION AND RE-APPOINTMENT

   (i) That the following Directors of the Board who, being the longest serving, have retired by rotation prior to the reading of this resolution in accordance with Article 97 of the Articles of Incorporation of the Company and, being eligible, have consented to be re-appointed and to act (*each resolution below to be passed separately*):

   (a) **"THAT Sharon Donaldson-Levine be and is hereby re-elected a Director of the Company."**

   (b) **"THAT Anna Maria Graham be and is hereby re-elected as a Director of the Company."**

   (ii) That Daniel Chin being appointed to the Board of Directors of the Company with effect from March 2nd, 2021, as an addition to the Board, has retired prior to the reading of this resolution in accordance with Article 93 of the Articles of Incorporation of the Company and, being eligible, has consented to be re-appointed and to act:

   "THAT Daniel Chin be and is hereby re-elected a Director of the Company."

3. DIRECTORS' REMUNERATION

   To authorise the Board to fix the remuneration of the Directors:

   "THAT the amount shown in the audited accounts of the Company for the year ended 31st May 2021 as Directors' fees for services rendered by them, be and is hereby approved."

4. REAPPOINTMENT AND REMUNERATION OF AUDITORS

To reappoint the auditors, and to authorise the Board of Directors to fix their remuneration:

"THAT McKenley & Associates, who have consented to continue in office, be and are hereby appointed as the auditors of the Company, to hold office until the next annual general meeting, and to authorise the Board to fix their remuneration."

5. INTERIM DIVIDENDS

To approve and ratify interim dividends paid with respect to the financial year ended May 31, 2021

"THAT the interim dividends of four cents ($0.04) per ordinary stock unit paid to the stockholders on the 14th day of January, 2021 be and is hereby declared and approved as an interim dividend for the financial year ended May 31, 2021."

6. OTHER ROUTINE BUSINESS

To deal with any other business that is considered routine and appropriate for the Annual General Meeting:

"TO transact any other ordinary business of the Company that may properly be transacted at an annual general meeting."

Dated this 4th day of October, 2021

BY ORDER OF THE BOARD

PMH Corporate Services Limited
COMPANY SECRETARY

IMPORTANT NOTE FOR SHAREHOLDERS:

A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint one or more proxies to attend and vote in his/her place. A proxy need not be a shareholder of the Company. The instrument appointing a proxy must be in writing and be executed by the shareholder(s) granting it, or by the shareholder's attorney duly authorised in writing. If the shareholder is a corporation, the proxy must be made under the seal of the corporate shareholder. A suitable form of proxy accompanies this notice. The proxy form must bear stamp duty of $100.00, before being executed. The stamp duty may be paid by adhesive stamps, which are to be cancelled by the person signing the proxy.

All completed and executed original proxy forms must be deposited together with the power of attorney or other document appointing the proxy, at the registered office of the Company at 39 Waltham Park Road, Kingston 13, Saint Andrew at least forty-eight (48) hours before the Annual General Meeting.

A corporate shareholder, instead of appointing a proxy, may by resolution of its Directors or other governing body, authorise and appoint any person it thinks fit to act as its representative at the Annual General Meeting of the Company, in accordance with Article 75 of the Company's Articles of Incorporation. Written evidence duly executed by an authorised official of the corporate shareholder and under seal of the corporate shareholder, of a resolution appointing a corporate representative, must be provided to the Company prior to the commencement of the Annual General Meeting.

DIRECTORS' REPORT

The Directors are pleased to submit their report and the Audited Financial Statements for the year ended May 31, 2021.

FINANCIAL RESULTS

For the period the operating results were:

Revenue – $1,437,596,767
Net Profit – $63,637,339

DIRECTORS

1. The Directors of the Company as of May 31, 2021 were:

   Mr. Radcliff Knibbs (Chairman)
   Mr. Hugh Graham (Managing Director)
   Ms. Sharon Donaldson-Levine
   Mr. James Lechler
   Mr. Richard Rogers
   Ms. Anna Maria Graham
   Mr. Metry Seaga
   Ms. Jacqueline Somers
   Mr. Daniel Chin

2. The following Directors of the Board who, being the longest serving, have retired by rotation prior to the reading of this resolution in accordance with Article 97 of the Articles of Incorporation of the Company and, being eligible, have consented to be re-appointed and to act: **Sharon Donaldson-Levine** and **Anna Maria Graham**.

3. The following Director of the Board, being appointed with effect from March 2, 2021, as an addition to the Board, has retired prior to the reading of this resolution in accordance with Article 93 of the Articles of Incorporation of the Company and, being eligible, has consented to be re-appointed and to act: **Daniel Chin.**

AUDITORS

The Auditors of the Company, McKenley and Associates of Unit 11, 2 Seymour Avenue, Kingston 6, Saint Andrew, have indicated their willingness to continue in office in accordance with the provisions of Section 154(2) of the Companies Act.

EMPLOYEES

The Directors wish to thank the management and staff of the Company for their performance during the year under review.

CUSTOMERS

The Directors wish to thank our valued customers, for their support and contribution to the Company's performance during the year under review, and look forward to their continued support of the Paramount brand.

Dated this 4th day of October, 2021

BY ORDER OF THE BOARD

PMH Corporate Services Limited
COMPANY SECRETARY

BOARD OF DIRECTORS

RADCLIFF KNIBBS, MBA, CHAIRMAN

Radcliff Knibbs is a Non-Executive Chairman of the Board of Directors and a member of the Compensation Committee. He is the Managing Director of CMK Bakery Limited and is the operator of several Juici Patties restaurant franchises.

HUGH GRAHAM, CEO & MANAGING DIRECTOR

Hugh Graham founded Paramount Trading (Jamaica) Limited in February 1991. He is an Executive Director and is a member of the Compensation Committee. He is the Member of Parliament for Saint Catherine North West constituency. He has served on the board of Main Event Entertainment Group since 2016 and has previously served on a number of boards including the National Water Commission and Rural Water Supply Limited.

ANNA MARIA GRAHAM, DIRECTOR

Anna Maria Graham is an Executive Director of Paramount Trading (Jamaica) Limited and has worked as a Management Trainee for the past two years. She was raised in the Paramount family for over 20 years and has acquired knowledge of the Company and exposure to the manufacturing and distribution industries. She has a passion for learning foreign languages and possesses excellent leadership skills.

SHARON DONALDSON-LEVINE, LLB, MBA, CA DIRECTOR AND MENTOR

Sharon Donaldson-Levine is Mentor for Paramount Trading (Jamaica) Limited and is a member of the Audit Committee. She is a Chartered Accountant, a fellow member of the Institute of Chartered Accountants of Jamaica, and an Attorney-at-Law. She is the Managing Director of General Accident Insurance Company (GAIC), and a Director of both Musson (Jamaica) Limited and the Jamaica Anti-Doping Commission. She also represents the local general insurance industry in discussions with the Financial Service Commission.

JACQUELINE SOMERS, MBA, FCA, DIRECTOR

Jacqueline Somers is a Non-Executive Director of Paramount Trading (Jamaica) Limited and is the Chair of the Audit Committee. She is a Chartered Accountant, a fellow member of the Institute of Chartered Accountants of Jamaica, and a businesswoman. She has over thirty (30) years' experience in financial accounting and auditing, and has worked in senior positions at PricewaterhouseCoopers and Sagicor Life Jamaica Limited.

METRY SEAGA, DIRECTOR

Metry Seaga is a Non-Executive Director of Paramount Trading (Jamaica) Limited, and is a member of the Compensation Committee. He serves as Director of Petrojam, Jamaica Productivity Centre and Deputy Chairman of JAMPRO. He served as one of the past presidents of the Jamaica Manufacturers and Exporters' Association. He has years of experience in both the private and public sectors.

RICHARD ROGERS, DIRECTOR

Richard Rogers is the second of two founding Non-Executive Directors of Paramount Trading (Jamaica) Limited and is a member of the Audit Committee. He is also a Director of Rogers Land Development Ltd.

DANIEL CHIN, DIRECTOR

A graduate of the University of Guelph in Canada, Chin is the holder of a Bachelor of Commerce degree. Upon completing his degree programme in 2013, he began his career in business working at the restaurant franchise Juici Beef Limited (Juici) in Clarendon. Throughout his tenure at Juici, he has gained tremendous knowledge in management and business development and has since become the Director of Operations, and is responsible for operations in Jamaica, other Caribbean markets and the United Kingdom.

JAMES LECHLER, DIRECTOR

James Lechler is a Non-Executive Director of the Board of Directors and serves as a member of the Audit Committee. He is the General Manager for Stewart's Industrial, a division of the Stewart Automotive Group. He serves as the Director of Jamaica Engineering and Construction, Explosive Sales & Services Limited and Engineering Sales Co. Ltd.

ALTRA FAMILY OF PRODUCTS

SUPERIOR TECHNOLOGY
FOR THE BEST PERFORMANCE

A COMPREHENSIVE RANGE OF OILS, GREASES AND SPECIALITY PRODUCTS FOR ALL TYPES OF APPLICATIONS INCLUDING; MINING, CONSTRUCTION, MARINE, INDUSTRIAL, AGRICULTURE AND TRANSPORTATION

PARAMOUNT
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MANAGEMENT TEAM

Hugh Graham
CEO & Managing Director

Vaughn Phang MSc, BSc
Chief Operating Officer (COO)

Junior Levine FCA
Chief Financial Officer (CFO)

Maxine Hutchinson M.B.A, B.A
Senior Manager, Human Resources and Administration

Thausha Martin MSc, PG DIP, BSc
Senior Commercial Manager
Senior Commercial Manager

Angel Hernandez B.Eng
Operations Manager

Gisselle -Lyew-You B.Eng
Business Unit Manager, Sika/ Construction

Milton Mullings
Production Manager

Elizabeth Humber Cert. Logistics & Supply Chain Mgt.
Purchasing Manager

Carole Briscoe ACCA (Level II)
Senior Accountant

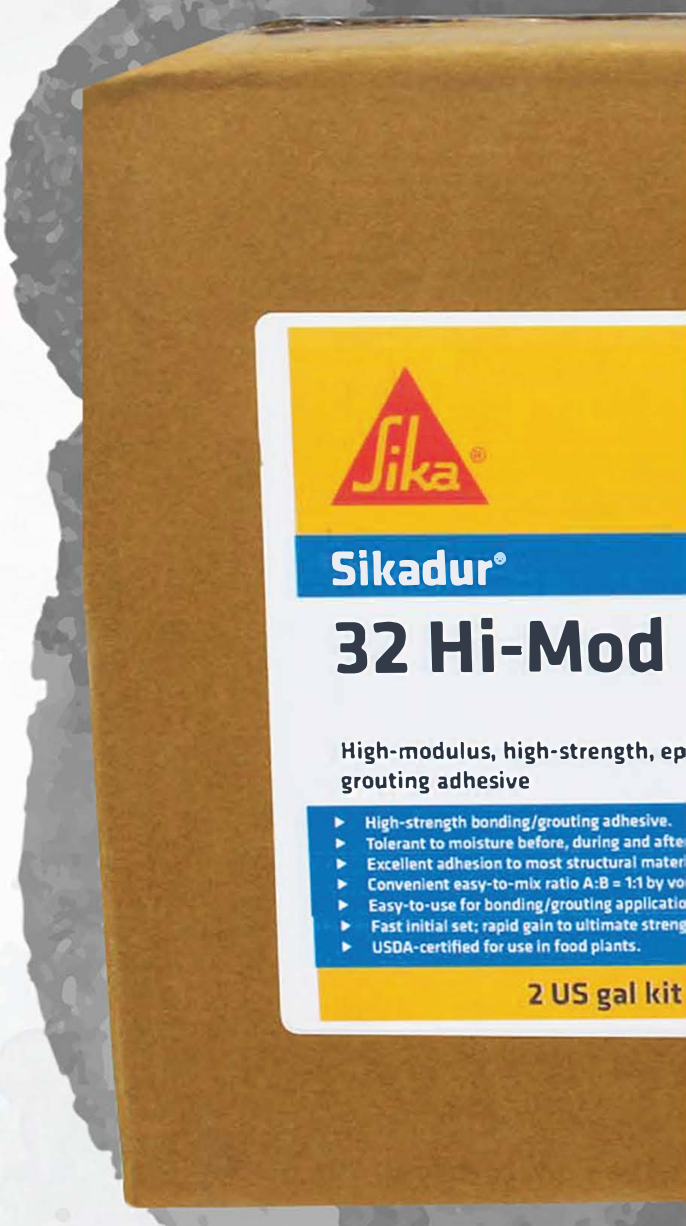
Shantel Walters LL.B.
Regulations & Contracts

Anna Maria Graham B.A
Junior Manager

TOP 10 STOCKHOLDERS, DIRECTORS' AND SENIOR OFFICERS' INTERESTS MAY 31, 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	17,290,313
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 Graham	63,749,360

DIRECTORS AND SENIOR OFFICERS	NUMBER OF SHARES HELD
Hugh Graham	1,233,966,840
Sharon Donaldson-Levine	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
Daniel Chin	0
Vaughn Phang	13,242,904
Maxine Hutchinson	0
Junior Levine	0
Thausha Martin	0



Chemical Anchoring Steel Epoxy - Fast High Strength Hold.

CORPORATE DATA

PARAMOUNT TRADING (JAMAICA) LIMITED

LOCATIONS:

39 Waltham Park Road, Kingston 13
8 Bell Road, East Kingston 11
Tel: 876.923.0135, 876.923.9040
Fax: 876.937.1241, 876.758.9040
Email: paramount@paramountjm.com
Website: www.paramountjamaica.com

BOARD OF DIRECTORS

Radcliff Knibbs (Chairman)
Hugh Graham
James Lechler
Richard Rogers
Sharon Donaldson-Levine
Anna Maria Graham
Metry Seaga
Jacqueline Somers
Daniel Chin

Mentor

Sharon Donaldson-Levine

BOARD SUB-COMMITTEES

Audit Committee

Jacqueline Somers (Chair)
Sharon Donaldson-Levine
James Lechler
Richard Rogers

Compensation Committee

Metry Seaga (Chair)
Hugh Graham
Radcliff Knibbs

COMPANY SECRETARY

PMH Corporate Services Ltd.,
Temple Court, 85 Hope Road, Kingston 6

SENIOR MANAGEMENT TEAM

Hugh Graham - CEO
Vaughn Phang - COO
Junior Levine - CFO
Thausha Martin - Senior Commercial Manager
Maxine Hutchinson - Senior Manager, Human Resources and Administration

ATTORNEYS -AT-LAW

Patterson Mair Hamilton,
85 Hope Road,
Kingston 6

REGISTRAR AND TRANSFER AGENTS

Jamaica Central Securities Depository Ltd.
P.O Box 1084,
40 Harbour Street,
Kingston

AUDITORS

McKenley & Associates
Unit 11, Seymour Park,
2 Seymour Avenue,
Seymour Park Complex,
Kingston 6

BANKERS

Sagicor Bank Jamaica Ltd.
17 Dominica Drive,
Kingston 5

National Commercial Bank Jamaica Ltd.,
90-94 Slipe Road,
Kingston 5

CORPORATE GOVERNANCE

Paramount Trading (Jamaica) Limited has remained dedicated to maintaining sound international governance practices over the years. We are cognizant of our responsibility to our stakeholders, society, and the planet at large.

Compliance with our governance framework has been a key contributor to the overall success of the Company. Our accountability to our clients, regulatory bodies and shareholders has been beneficial to our decision making and has also kept us engaged with our stakeholders.

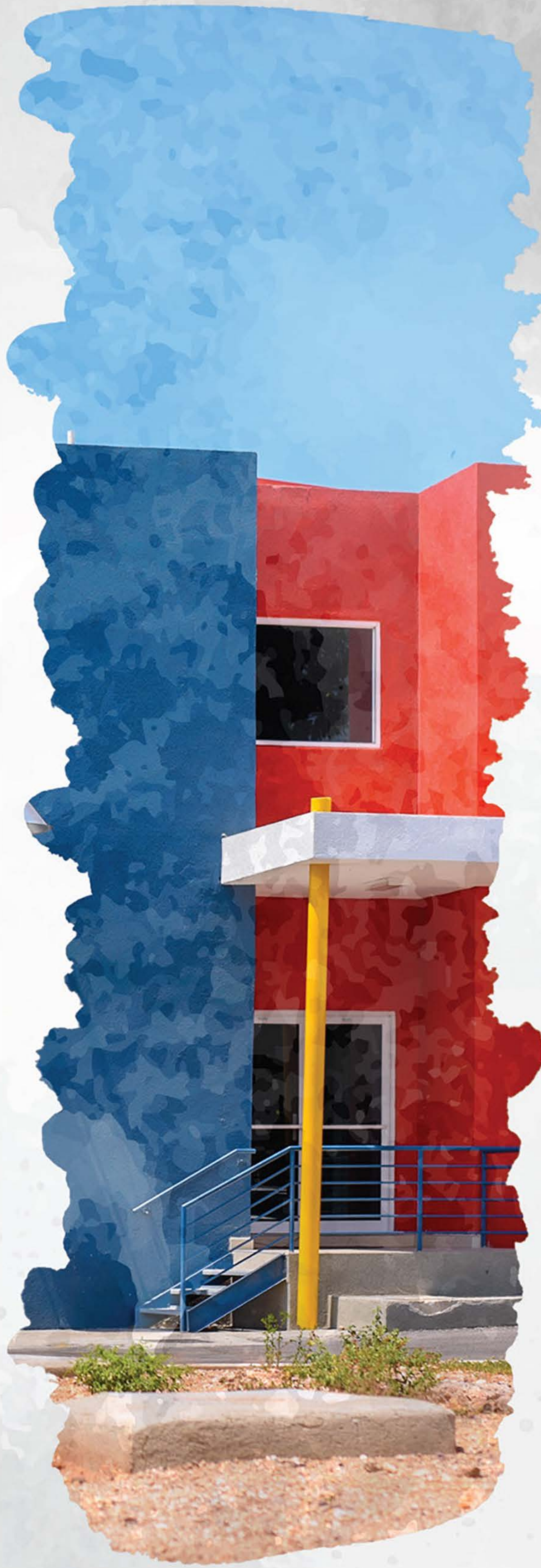
Although we have had to manage the negative effects of the pandemic, we ensured that we reviewed our governance framework in August 2020. Our Corporate Governance Manual was guided by standards outlined in the PSOJ Code of Corporate Governance, and can be viewed on our website at: **https://paramountjamaica.com/.**

COMPOSITION OF THE BOARD

Our Board of Directors, with their knowledge, input, and expertise, has successfully enforced their fiduciary duty by ensuring consistency and compliance with standards, regulations, and legislation. As of May 31, 2021, the Board consisted of seven (7) Non-Executive Directors (including the Chairman) and two (2) Executive Directors. This composition brings a healthy balance to the decision-making process, as it ensures that decisions, strategies, and policies are discussed dispassionately and are properly ventilated.

BOARD COMMITTEES

Paramount's Board of Directors currently comprises two Committees: The Audit and Compensation Committees. The members of the Committees are approved and appointed by the Board of Directors. Notwithstanding, other members of the Board may be invited to attend the meetings. The Committees are both chaired by independent non-executive directors. Each Committee has specific mandates governing its operations. The Committees' responsibilities are also outlined in the Corporate Governance Policy, which is reviewed and revised every two years. These Committees guide the Board in its decision-making process, with the final decision-making powers remaining with the Board of Directors.



AUDIT COMMITTEE

This committee consists of four members of the Board: Jacqueline Somers (Chairman), Sharon Donaldson-Levine, Richard Rogers and James Lechler. These members are all Independent Non-Executive Directors. The committee is responsible for the following:

- Monitoring the integrity of the financial statements and any formal announcements relating to the Company's financial performance.
- Reviewing the internal financial control systems.
- Making recommendations to the Board in relation to the appointment of the external auditor.
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services.

- Reviewing and monitoring the external auditor's independence, objectivity, and the effectiveness of the audit process.

- Reporting to the Board, identifying any matters which may require action or improvement and making recommendations on steps to be taken.

- Considering the need for an internal audit function, and monitoring and reviewing the effectiveness of the internal audit activities, if the function is deemed necessary.

- Ensuring that there are arrangements in place for the proportionate and independent investigation of any possible improprieties in matters of financial reporting, or other matters; and

- Recommending the appointment, re-appointment and removal of the external auditors.

The Audit Committee ordinarily meets quarterly to discuss the audited and unaudited financial statements to ensure compliance with the International Financial Reporting Standards and the Junior Market Rules of the Jamaica Stock Exchange. The Committee met five (5) times during this financial year. Notably, the Committee recommended the need for an internal audit review, which was approved by the Board of Directors. The services of an Audit Firm were procured during the financial year under review and they will start auditing processes for the new financial year. They will be working closely with the management team to establish, review and improve processes related to our risk management systems, and review the finance, operations, and information systems. The results will be issued to the Board for review.

COMPENSATION COMMITTEE

This committee consists of three members of the Board of Directors: Metry Seaga (Chairman), Radcliff Knibbs and Hugh Graham. It comprises two (2) Independent Non-Executive Directors and one (1) Executive Director respectively. The Compensation Committee meets twice per year. The committee is responsible for the following;

- Providing packages to Directors to attract retain and motivate them, without paying more than is necessary for that purpose;

- Judging where to position the Company relative to other companies in relation to remuneration, taking into account relative performance;

- Incorporating payment and employment conditions in its' reviews.

SUMMARY OF THE ATTENDANCE REGISTER IN RESPECT OF THE MEETINGS FOR THE FINANCIAL YEAR ENDED MAY 31, 2021

DIRECTORS	BOARD MEETING	AUDIT COMMITTEE	COMPENSATION COMMITTEE
Radcliff Knibbs	8	-	2
Hugh Graham	8	-	2
Sharon Donaldson- Levine	7	5	-
Richard Rogers	3	4	-
James Lechler	3	2	-
Daniel Chin*	1	-	-
Jukie Chin*	-	-	-
Anna Maria Graham	6	-	-
Metry Seaga	6	-	1
Jacqueline Somers	7	5	-
	*8 meetings held for the year.	*5 meetings held for the year	*2 meeting held for the year

- Jukie Chin resigned from the Board of Directors effective November 27, 2020.
- Daniel Chin was appointed to the Board of Directors effective March 2, 2021.

During the period, the Board of Directors and Audit Committee held more frequent meetings, mainly through tele-conferencing, to fully ventilate a number of key issues that arose. Some of these issues included de-listing of the Preference Shares and the need for an internal audit review.

RELATIONSHIP WITH OUR SHAREHOLDERS

We remain committed to creating value for our shareholders, through effective planning of strategic goals and objectives, risk management and assessment, internal controls and adherence to laws, codes and regulations. We continue to ensure that shareholders understand our vision and direction. We adhere to the principle of disclosure by providing timely releases to the Jamaica Stock Exchange, announcements in the daily newspapers, as required by the Junior Market Rules and report on matters concerning the Company at any other time as is deemed necessary. This is to keep our shareholders informed of new products, decisions and initiatives and promote awareness on popular social media platforms. We also host our Annual General Meeting (AGM), where shareholders are given the opportunity to participate in a question and answer segment. At this event, shareholders are able to follow up, ask questions or provide comments on issues raised during the year.

MANAGEMENT DISCUSSION & ANALYSIS

PERFORMANCE SUMMARY

Paramount Trading (Jamaica) Limited (PTL) continued to pursue our strategy of building our core business of raw material distribution as well as exploring new opportunities to enhance our revenue streams in 2020-2021.

The rapidly evolving market was a catalyst to energize our efforts to improve our business processes and focus on supporting the key sectors that contribute to our revenue. This included rationalizing under-performing assets, improving operational efficiencies and strengthening our supply chain to ensure business continuity. We also expanded our product and service offerings by solidifying partnerships for 3rd party packaging, built out our sanitation line, and developed new distribution channels to reach new customers.

Amidst the far-reaching impact of the pandemic on market conditions, our customer base and supply chain, concerted efforts to support and secure our core business and our agile response to innovate during this most challenging year helped to sustain and improve our profitability, as well as position PTL to expand into new products and markets in 2021/ 2022.

FINANCIAL PERFORMANCE

For the year 2020-2021, PTL operated in a COVID-19 pandemic environment, facing many uncertainties relating to customers and suppliers. We however, realized net profit after taxes of $63.6 million, exceeding the previous year by $10.6 million. This twenty percent improved net profit position was attained despite a reduction in our gross revenue for this period and was mainly due to the Company's tight control of its expenses.

Earnings per share improved to $0.041, from$0.034 for the previous year.

REVENUE

PTL had its challenges stemming from the restrictions associated with the COVID-19 pandemic. However, the Company was able to recover lost ground in the final quarter ending May 2021, experiencing recovery in all business units with an overall improvement of 15 per cent year on year. This contributed to reducing the financial year 2020 gap, which saw earnings dip by $78 million, achieving a year end revenue of $1438 million or 5 per cent below that of FY 2019. We also saw a reduction in gross profit of $454 million, compared with $468 million in the previous year.

Our chemical division held its ground, with combined performance of Food and Technical Grade portfolios closing with a marginal increase of one per cent year on year. As part of the Company's revenue sustainability initiative during the pandemic, greater emphasis was placed on manufacturing, cleaning and sanitation products, which achieved a year on year growth of over 60 per cent.

The lubricant division once again suffered, with the transportation sector being impacted by work from home policies, government implemented movement restrictions and a reduction in industrial activities. This sector was not spared and resulted in a 7 per cent decline year on year.

REVENUE
$1.438B
5% decrease over prior year

GROSS PROFIT
$454.M
3% decrease over prior year

NET PROFIT
$63.6M
20% increase over prior year

TOTAL ASSETS
$1.651B
11% decrease over prior year

TOTAL EQUITY
$796.3M
0% decrease over prior year

OVERHEADS

For the second consecutive year, management in our operating expenses resulted in a reduction in total operating expenses. This year, the operating expenses of $365.7 million showed a positive variance with the prior year of $20.0 million or 5 per cent. This positive result was due to continuing cost rationalization and structural adjustments that the Company undertook. We maintained operating expenses at 25 per cent of gross revenue, which resulted in an improvement in our operating profit before finance costs from 7 per cent to 8 per cent.

We also managed to cap our net financial cost, that is, the finance cost of $45.4 million was the same as the prior year. During the year, we restructured our debt by converting our preference shares to a lower debt instrument in April 2021. This major development did not convert to a significant saving for the year under review. The savings, however, will be reflected in next year's financials.

FINANCIAL POSITION

We are at the final stage of our capacity build out, which is reflected in the reduction in the value of our property, plant and equipment, mainly due to the application of depreciation.

The increase in the value of investments from $34.0 million to $170.2 million was as a result of changes in how we invested our short-term cash.

Our receivables increased by 19 percent to $322.9 million. We continued to work with and support our customers in this difficult year. Consistent with the rules and regulations under IFRS 19, our provision for doubtful debt is more than adequate. Shareholders' equity of $796.3 million shows a similar value as prior year. We paid dividends during the period of $61.7 million. Cash and cash equivalent and investments of $261.1 million grew by $48.7 million over the prior year.

COVID 19 IMPACT AND RESPONSE

As we managed the challenges of the COVID-19 virus in 2020, we were mindful of the safety and security of our customers and employees. We committed to limiting the spread of the virus within the Company and by extension the country. It was imperative that everyone felt confident that the management team was making every effort to respond to the changing demands with agility, not only in the short term, but for the long haul.

In doing so, we had to ensure that the business was equipped, responsive and resilient to overcome the challenges and emerge more solid, transformed, agile and successful.

We adopted and deployed several initiatives, including revamping our business processes to comply with best practices for mitigating the spread of the virus. These included social distancing, remote working, provisions and the use of recommended Personal Protective Equipment (PPE) as well as an ongoing educational campaign to adopt a culture of safety.

With respect to our business continuity, our supply chain and distribution channels were two areas identified as continuity threats in our risk assessment and operational review. We engaged the following strategies to help us manage the disruption:

1. Collaborate: Strengthened dialogue with partners (suppliers and customers) to adjust projections, lead times and forward buying to prevent run-outs. We worked openly together to overcome challenges.
2. Flexibility: Became agile enough to withstand the rapid changes in the business environment. Worked closely with our stakeholders and reviewed agreements to find ways to support each other.
3. Diversify: An early lesson in the pandemic was to have a plan B. We widened the product and service range, pipelined new customers and ensured prequalification of alternative suppliers and products. This allowed us to respond to supply chain disruptions and reduce our risk by growing our revenue streams.

OUTLOOK

Continuing news about vaccine programmes being developed and undertaken around the world give us hope in our ability to overcome the impact of the pandemic. Amidst the uncertainty, there is opportunity.

We anticipate that investments in productive capacity in our lubricant offering and the emerging sanitation and cleaning line will offer a desirable option of a wholly Jamaican made product. Re-thinking our raw material distribution business to offer services in line with a changing market is projected to regain lost ground and provide more value to our customers.

COVID-19 may have had an adverse impact on trade. However the crisis has also prompted change, as private sector organisations across CARICOM lobby for trade reforms that enable faster recovery. PTL as a participant in Export Max III will look to exports as one of its main pillars for driving growth in 2022 .

Our sincere thanks to the team for the continued commitment to improve and grow PTL. We would like to thank our employees for their unwavering support through a challenging and ever-changing year, our stakeholders for the different ways they support our improvement and to the Board of Directors for their diligence and guidance to chart our continued success.

FIVE YEAR FINANCIAL REVIEW

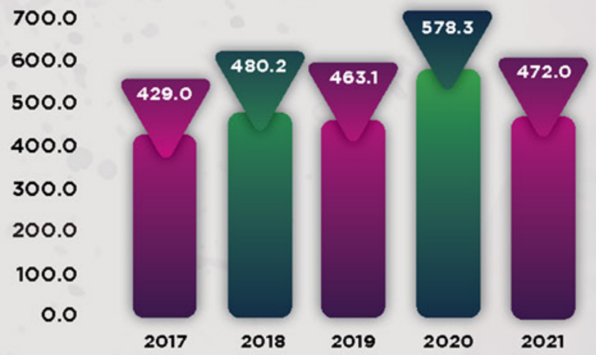
PROFIT AND LOSS

PROFIT AND LOSS ACCOUNT	2017	2018	2019	2020	2021
Sales revenue ($)	1,155,871,702	1,398,409,815	1,595,644,995	1,515,582,258	1,437,596,767
% change over prior year	13	21	14	-5	-5
Direct expenses	801,829,362	972,056,069	1,093,782,137	1,047,403,570	983,196,477
% of Sales	69	70	69	69	68
Gross Profit	354,042,340	426,353,746	501,862,858	468,178,688	454,400,290
% change over prior year	5	20	18	-7	-3
Administrative expenses	220,280,014	323,030,774	401,762,914	366,884,429	355,137,380
% change over prior year	22	47	24	-9	-3
Selling & Distribution expenses	34,788,739	29,732,505	19,945,137	18,811,448	10,545,683
% change over prior year	171	-15	-33	-6	-44
Net Finance costs	9,641,452	12,797,854	21,523,883	45,401,281	45,481,427
% change over prior year	24	33	68	111	0
Profit before Tax ($)	101,002,560	67,044,079	75,621,619	62,018,240	65,917,858
% change over prior year	-42	-34	13	-18	6
Taxation ($)	-	8,399,606	12,978,521	8,998,751	2,280,519
Depreciation ($)	20,915,943	42,319,542	45,033,157	45,031,782	47,493,669
% change over prior year	81	102	6	-0	5
Net Profit after Tax ($)	101,002,560	58,644,473	62,643,099	53,019,489	63,637,339
% change over prior year	-42	-42	7	-15	20
Ratios:					
Earnings per share ($)	0.07	0.04	0.04	0.03	0.04
Net Profit Margin (%)	8.7	4.8	4.7	4.1	4.6
Gross Profit Margin (%)	30.6	30.5	31.5	30.9	31.6

FINANCIAL POSITION

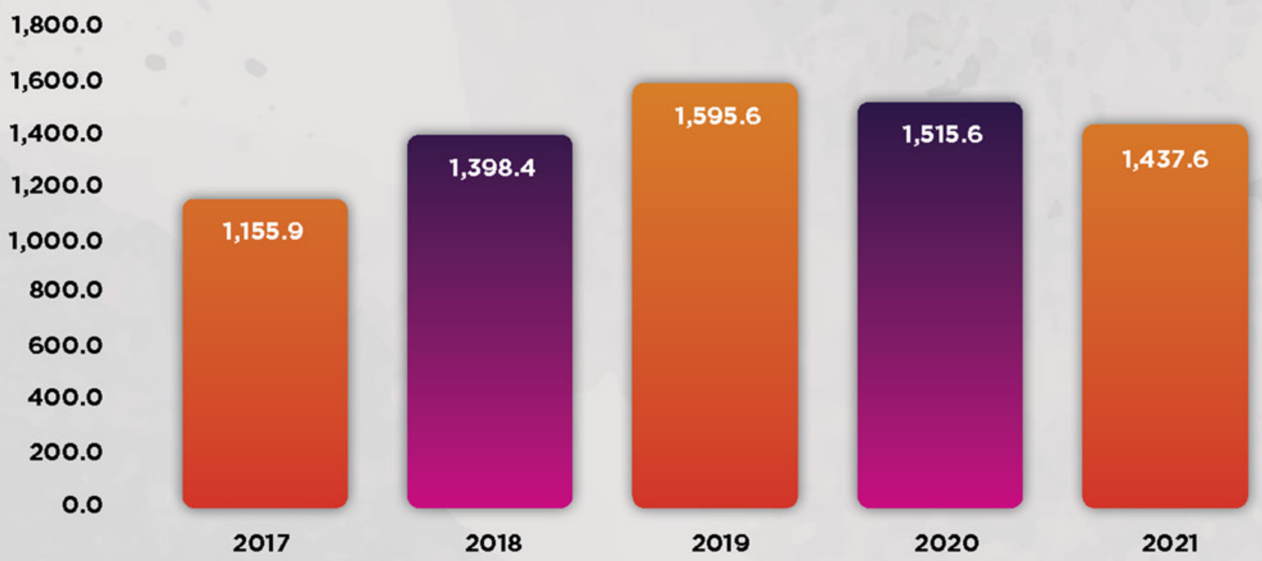
FINANCIAL POSITION	2017	2018	2019	2020	2021
Non current assets	298,876,638	321,473,114	611,736,907	726,391,042	815,051,812
% change over prior year	62	8	90	19	12
Current assets	722,396,204	907,692,797	968,036,768	1,136,375,234	836,355,529
% change over prior year	7	26	7	17	-26
Total assets ($)	1,021,272,842	1,229,165,911	1,579,773,675	1,862,766,275	1,651,407,341
% change over prior year	19	20	29	18	-11
Current liabilities	293,376,925	427,444,133	504,894,457	558,109,681	364,344,475
% change over prior year	9.4	45.7	18.1	10.5	-34.7
Non current liabilties	46,115,575	61,296,963	333,509,988	510,267,875	490,735,490
% change over prior year	332	33	444	53	-4
Total Liabilities ($)	339,492,500	488,741,096	838,404,445	1,068,377,556	855,079,965
% change over prior year	22	44	72	27	-20
Shareholders' Equity($)	681,780,342	740,424,815	741,369,230	794,388,719	796,327,376
% change over prior year	17	9	0	7	0
Ratios:					
Return on assets (%)	9.9	4.8	4.0	2.8	3.9
Current ratio	2.5	2.1	1.9	2.04	2.30
Debt to equity ratio	6.8	8.3	45.0	64.2	61.6

WORKING CAPITAL J$ MIL

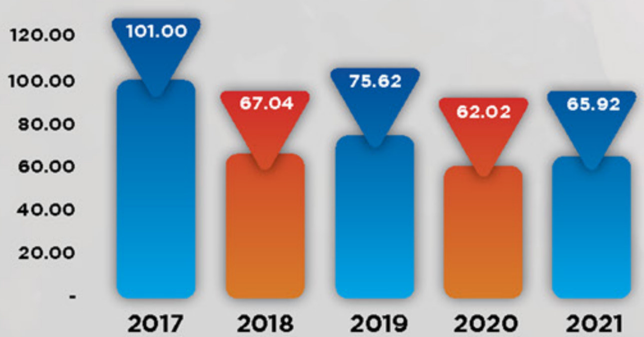


EARNINGS PER SHARE J$ MIL

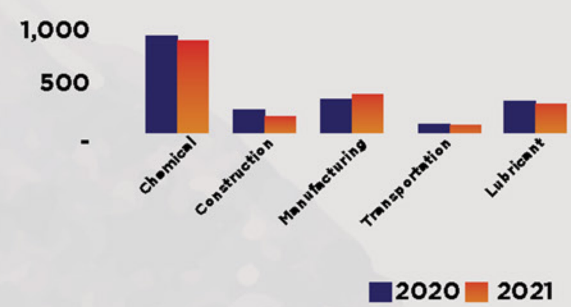
SALES REVENUE J$ MIL

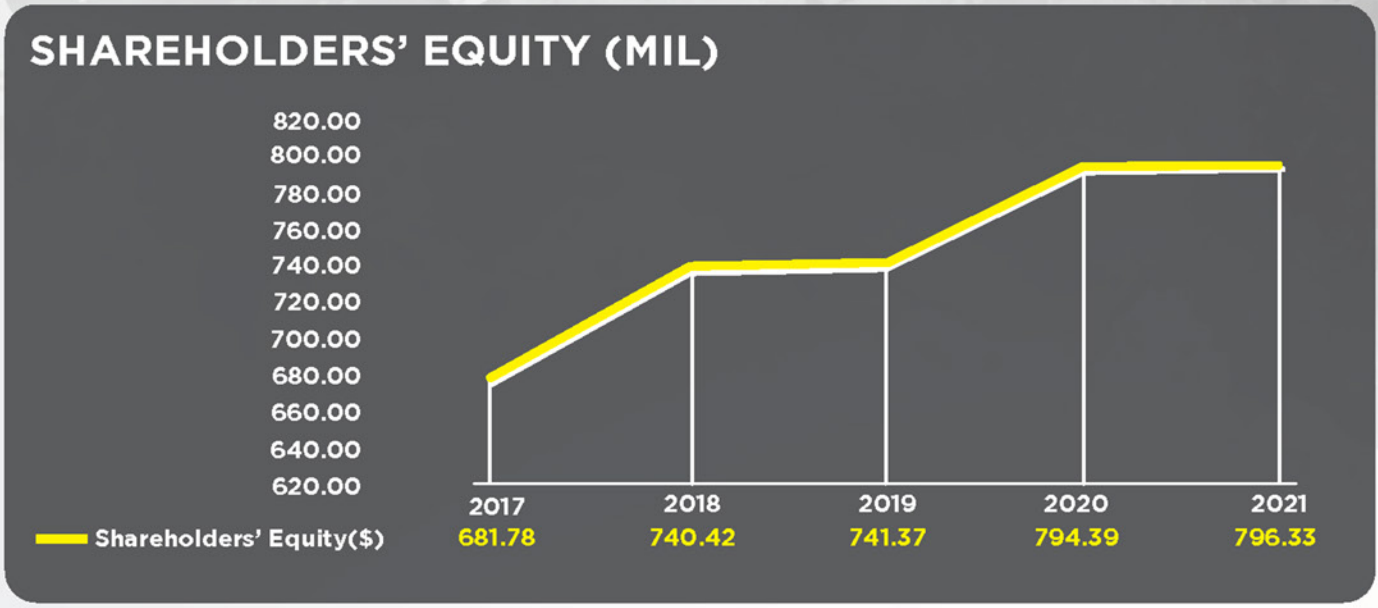


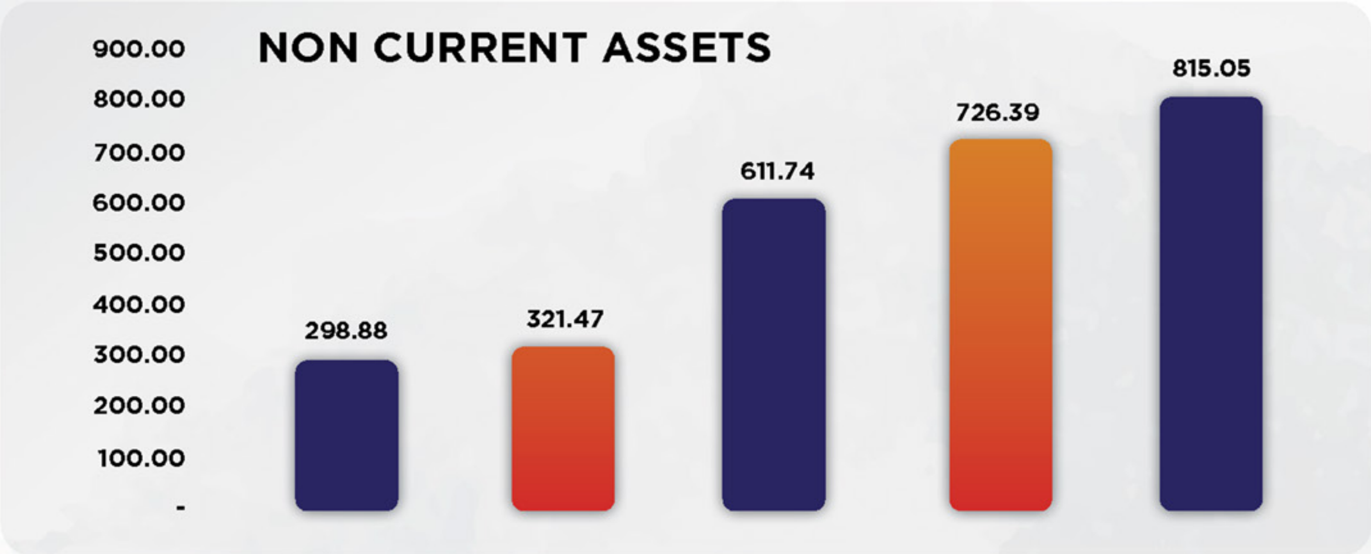
PROFIT BEFORE TAX J$ MIL

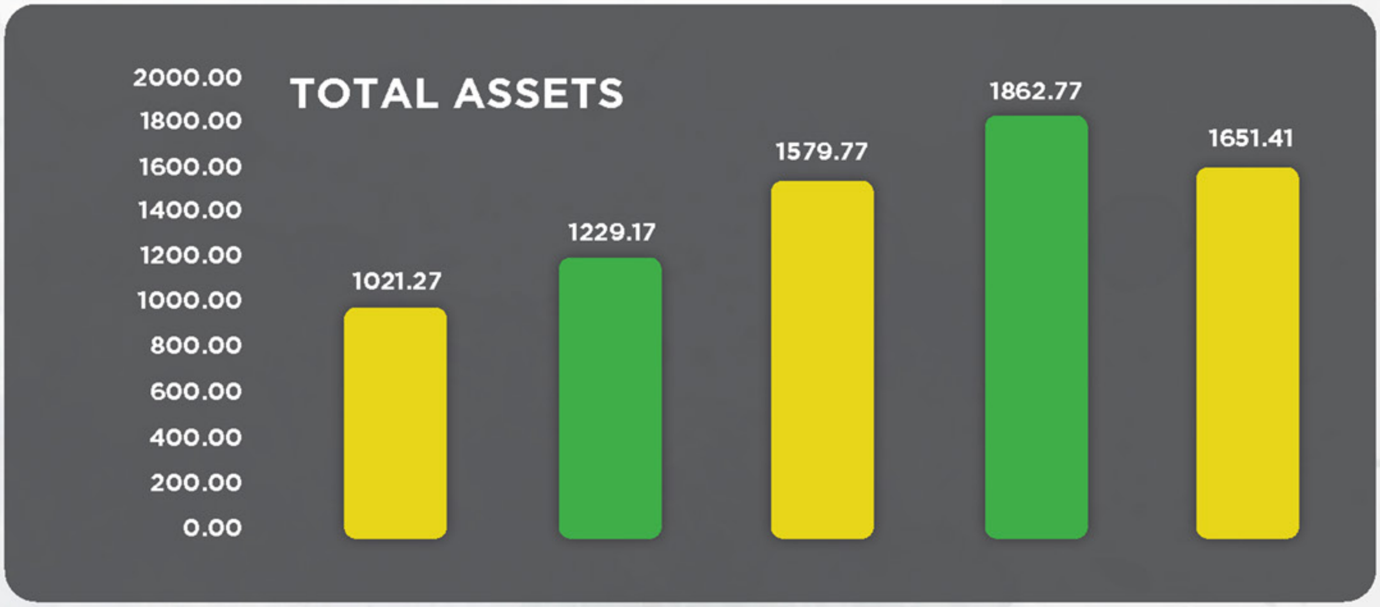


REVENUE BY CATEGORY J$MIL




SHAREHOLDERS' EQUITY (MIL)
820.00
800.00
780.00
760.00
740.00
720.00
700.00
680.00
660.00
640.00
620.00
2017
2018
2019
2020
2021
Shareholders' Equity($)
681.78
740.42
741.37
794.39
796.33


NON CURRENT ASSETS
900.00
800.00
700.00
600.00
500.00
400.00
300.00
200.00
100.00
-
298.88
321.47
611.74
726.39
815.05


TOTAL ASSETS
2000.00
1800.00
1600.00
1400.00
1200.00
1000.00
800.00
600.00
400.00
200.00
0.00
1021.27
1229.17
1579.77
1862.77
1651.41

HUMAN RESOURCES & STAFF INVESTMENT

One of our immediate priorities was to ensure that our customers and staff were protected. We joined the rest of the population in adhering strictly to directives issued by the Ministry of Health and Wellness, where necessary, changing our routines and habits to protect ourselves and each other. We re-examined our physical layout and logistics so that we could offer the highest levels of service with the minimum staff necessary and continue to fulfil the organization's technical, production and administrative needs, as well as provide adequate supervisory/logistics support.

We quickly installed sanitization equipment, implemented a strict sanitization regimen for the office and delivery vehicles and disseminated information and updates circulated by the Ministry of Health and Wellness. Protective gear and products were issued to employees and the recommended social distancing requirements were maintained at all locations.

Resources were also channelled into increasing and strengthening overall security in all areas (staffing, customers, products, equipment, property etc.) and our internal communication methods.

Our health insurance carrier was changed to provide better medical coverage overall, including access to additional days' medication for persons who needed maintenance prescription drugs during the COVID-19 crisis. We routinely kept staff abreast of general information about the COVID-19 vaccines, the options available, testing and vaccination sites and government blitzes.
Systems were implemented to limit staff exposure by controlling the number of customers in the lobby area, increased deliveries and pre-processing of orders. In the initial stages, under the guidance of medical and nursing professionals, one Health Aide was stationed at each of two of the locations to administer temperature checks to persons before allowing them access to the facilities. During that period, the applicable policies and SOPs were quickly implemented and or updated for employee and customer safety.

BUSINESS CONTINUITY

A major area of concern for the Company was the impact of the pandemic on business activities, operations and revenue, driving the development of a business continuity model to maintain the Company's viability and its continued robustness to navigate the pandemic.

This model included a risk management plan, an incident response plan, communications and contact listing, working remotely and operating with a skeletal team to effect an orderly shutdown if required under the circumstances. The model was effected in conjunction with our Company Emergency Action and Recovery Plan.

Laptops were provided to staff who could work from home. We sought support to advise on technological solutions available and increased the maintenance of our systems and software to improve efficiencies.

VACCINE HESITANCY

After a series of meetings at the onset of the pandemic, the Senior Leadership Team, led by the Chief Executive Officer, Hugh Graham, established a COVID-19 Task Force.

Comprising both senior and junior level managers, the Task Force was commissioned to cultivate a forum for generating solution-based thinking and ideas to respond to COVID-19 challenges. The team observed that there were varying views on the subject and many unanswered questions about taking the vaccine. To alleviate concerns, a meeting was arranged with a medical doctor to answer queries from the team. The participants were responsive and the session generated lively discussions and increased interest in the vaccines.

TRAINING & TEAM ENGAGEMENT

Training and team engagement activities were scaled down to essential safety and product training, as well as transfer of skills for the specific area(s) of operation. We will reschedule other projected training as we evaluate the available facilities and the internal skill sets required for our business continuity objectives.

At Paramount, growth and development of our team members is important. We remain committed to encouraging our team to hone their skills and talents, while they improve their technical capabilities. In spite of the challenges associated with the pandemic, we continued to keep staff engaged at our weekly Monday morning meetings (now convened via Zoom or Microsoft Teams), by including more information awareness sessions, safety training and giving more opportunities for staff to share their thoughts, concerns and solutions to issues affecting the Company.

In an effort to improve staff morale, over the year, we grasped opportunities to recognize team members who worked assiduously to meet targets. The staff recognition programme was ramped up to include tokens for staff who participated in special projects critical to our operations, especially outside of normal working hours and during scheduled government lockdown periods. We also continued our birthday and work anniversary recognition drive to celebrate with staff during those special occasions.

THE WAY FORWARD

As we continue to navigate the crisis, we intend to retain the drive, positive energy, morale and high productivity levels displayed by our staff. For 2021-2022, our mission is to build on the team's existing talents and develop resilient leaders. We are committed to having a more robust, creative and customer-centric team emerging from the pandemic. We are excited about the changes that will be implemented in the next twelve months as this will transform the operations and bring the Company's strategy to life.

CORPORATE SOCIAL RESPONSIBILITY

Paramount Trading (Jamaica) Limited is committed to its high standards of conducting business in a way that contributes to its' societal goals and strives to maintain good corporate citizenship. The initiatives we have engaged in have positively impacted different sectors such as Education, Health and Community Development. Although we were negatively impacted by the pandemic, we are grateful that we were able to collaborate with a number of medical facilities, police stations, churches and schools.

EDUCATION & HEALTH

During the period, we engaged in the manufacturing of sanitation products including hand and surface sanitizers and bleach. We were able to donate generously to a number of schools including Born Again St. Francis Primary School and Top Hill Primary School. Hospitals such as Linstead Hospital, Andrews' Memorial Hospital and the University Hospital of the West Indies also benefitted from this initiative.

COMMUNITY DEVELOPMENT

In our community development efforts, we partnered with companies such as Red Stripe Jamaica, Pepsi Jamaica, Celebration Brands and the Desnoes & Geddes Foundation in the 'For Our Bars, For Jamaica' initiative. We donated bottled and labelled sanitizers, which were distributed to over 1,500 bar owners across the island. This was in an effort to support the recovery process of many of the local bars that struggled with the impact of the pandemic on their operations.

We were also able to work closely with many inner city youths by providing short-term employment for persons to learn skills such as bleach manufacturing, packaging and labelling. We will continue to partner with universities and technical institutions under our knowledge transfer programme. This will provide internship opportunities for promising science and engineering students, creating a space for young brilliant minds to thrive and excel.

OTHER INITIATIVES

Unfortunately, in December 2020, one of our Caribbean neighbours, Saint Vincent & the Grenadines experienced a volcanic eruption at La Soufriere volcano. Jamaica helped in an on-going initiative of providing supplies to the island. We assisted in the national effort by donating pallets of bleach to the cause. We were also able to strengthen our partnership with J Wray & Nephew in their donations of alcohol to hospitals and other medical facilities, and a number of other organizations that provided "essential services".

Customarily, we would host our Annual Christmas Treat where we cater to over 900 children from ages 3-18 years old. This event was a fun-filled day of activities, which brought joy to the Waltham Park community and its surrounding areas. Regrettably, the pandemic negatively impacted this initiative as social distancing mandates were issued and gatherings were limited based on governmental regulations. We hope that we will be able to bring this vibrancy back to the community in a more extraordinary way once the pandemic ends.


HAVE A
COLD ONE
Matterhorn
DRINK
RIGHT

PARAMOUNT IN THE NEWS

PARAMOUNT TRADING PIVOTS TO OFFSET IMPACT OF COVID-19

PARAMOUNT
Jamaica

In an effort to blunt the impact of the novel coronavirus, chemical company Paramount Trading Jamaica Limited says it was able to take advantage of the window of opportunity created by the pandemic by pivoting its business into manufacturing sanitisation-related products. - The Jamaica Gleaner (Wednesday, September 30, 2020)

PARAMOUNT TRADING BULLISH ON FUTURE GROWTH DESPITE COVID-19

Chief Executive Officer (CEO) and Managing Director Hugh Graham said that the company despite the onslaught of the novel coronavirus pandemic maintains a positive outlook for its future growth prospects.

“Our outlook is good, we are projecting growth, we’re bullish in the pandemic because as the largest chemical company on the island, I believe we will see growth,” he told the Business Observer on Monday, November 30, days following the company’s annual general meeting (AGM) held at the Jamaica Pegasus hotel. The Jamaica Observer (Wednesday December 2, 2020)

PANDEMIC COST RESTRUCTURING BEARING FRUIT AT PARAMOUNT TRADING

Paramount Trading is reporting that its pandemic cost restructuring exercise is bearing fruit, even though net profits are down 43 per cent over the last three quarters. According to the publicly traded company — a leading manufacturer and distributor of chemical raw materials in Jamaica — the cost restructuring exercise is yielding results on the expense side of the business. The Jamaican Observer (Friday, April 16, 2021)

GROWTH & JOBS | JAMPRO HELPS PARAMOUNT JAMAICA TO BREAK NEW GROUND IN COVID-19 PANDEMIC

The company has a history spanning 30 years in which it began operations as a distributor, but has recently added manufacturing to its operations. Supported by this development, the company changed direction to adapt to the crisis and remain profitable. The transition to manufacturing and providing sanitation products for the public was supported by Jamaica's investment and export promotions agency, JAMPRO. Jamaica Gleaner (Tuesday, May 4, 2021)

PARAMOUNT TRADING JAMAICA LIMITED
AUDITED FINANCIAL STATEMENTS
YEAR ENDED MAY 31 2021

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS
"Continuous Improvement and Innovation are our Duties....."

McKENLEY & ASSOCIATES
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

Independent Auditor's Report

To the Members of
Paramount Trading (Jamaica) Limited

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Paramount Trading (Jamaica) Limited (the Company) as at May 31 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 May 2021
- the statement of comprehensive income for the year then ended
- the statement of cash flows for the year then ended
- the statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include significant accounting policies and explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatements in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud or error.

Wilfred M. McKenley, F.C.C.A., F.C.A., M.B.A., Janice E. McKenley, B.Sc., EMBA., F.C.C.A., F.C.A. (Partner on Leave)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole and informing our opinion thereon. We do not provide a separate opinion on these matters. During our work, we encountered one key audit matter that required disclosure.

Key audit matter and how our audit addressed the issue: IFRS9, Impairment provision for receivables See notes 2 (i), 4 (a) (ii) and 17 to the financial statements for management's disclosures of related accounting policies, judgments, and estimates.

As of May 31 2021, trade receivables amounted to $324 Million (2020 - $243 Million) with an impairment provision of $32 Million (2020 -$25 million), representing 9.7% (2020 -10.3%) of the balance. The accounts receivable represents a credit risk with a profit after tax of $64 Million (2020 - $53 million).

We obtained the Company's accounting calculations, as they related to developing and upgrading the IFRS 9 model, especially under the COVID – 19 environment and assessed the reasonableness of estimates and judgments used in the calculations as it relates to:

- Model development
- Key assumptions, judgments and forward-looking assumptions used in the ECL model
- We found that these key controls and the assumptions used in developing the model produced reasonable and acceptable results. Therefore, we determined that we could place reliance on the model for our audit.

We focused on the method used by management to determine the necessity for a provision against long outstanding debts and customers who are experiencing financial difficulties. We discussed and reviewed the impaired balances, especially those over 90 days, and reviewed correspondence with the customers along with agreements reached and the level of subsequent payments after the year-end.

We assessed and tested the fairness of the receivable balances by positive confirmation of specific customers with large balances along with reviewing payment pattern and determined that the reported balances were fairly stated. We evaluated the payment arrangements with customers experiencing financial challenges due to the COVID–19 pandemic, and determined that the additional amounts provided against possible bad debts were reasonable.

Key Audit Matters (continued)

Key audit matter and how our audit addressed the issue: IFRS9, Impairment provision for receivables See notes 2 (i), 4 (a) (ii) and 17 to the financial statements for management's disclosures of related accounting policies, judgments, and estimates (continued).

Management has implemented several measures to enhance the Company's credit strategy, including strengthening the credit policy in its retail division. We evaluated the performance of the receivables, reviewed the adjustments to the ECL model along with discussions with management, reviewed the new established credit policies, and assessed the overall subsequent receipts to determine whether there was any requirement for further adjustment to the impairment provision.

Based on our work, we consider the impairment provision of $32 Million at 31 May 2021 to be reasonable and the additional provision of $6.6 Million during the year to be fair.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- We are not responsible for the direction, supervision, and performance of the Company. We remain solely responsible for our audit opinion.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Board of Directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report inclusive of the Director's, Chairman of the Board and the Chief Executive Officer Reports but does not include the financial statements and the Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appear to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Wilfred McKenley.

McKenley & Associates

Chartered Accountants
Kingston, Jamaica
26 July 2021

Paramount Trading (Jamaica) Limited
Statement of Comprehensive Income
Year ended 31 May 2021

	Note	2021	2020
		$	$
Operating revenue	8(i)	1,437,596,767	1,515,582,258
Less direct expenses	9	983,196,477	1,047,403,570
Gross profit		454,400,290	468,178,688
Other operating income	8(ii)	22,682,058	24,936,710
		477,082,348	493,115,398
Less operating expenses:			
Administrative	9	355,137,380	366,884,429
Selling & distribution	9	10,545,683	18,811,448
		365,683,063	385,695,877
Profit before finance income and costs		111,399,285	107,419,521
Finance income	10	3,794,536	2,534,621
Finance costs	10	(49,275,963)	(47,935,902)
Net finance costs		(45,481,427)	(45,401,281)
Profit before taxation		65,917,858	62,018,240
Taxation	11	2,280,519	8,998,751
Profit for the year being total comprehensive income		63,637,339	53,019,489
		$	$
Earnings per share	12	**0.041**	**0.034**

Paramount Trading (Jamaica) Limited
Statement of Financial Position
31 May 2021

	Note	2021 $	2020 $
Assets			
Non-current assets			
Property, plant and equipment	14	570,791,587	609,095,561
Right-of-use assets	14	74,024,068	83,277,076
Investments	15	170,236,157	34,018,405
Current assets			
Inventories	16	412,778,470	683,563,912
Taxation recoverable		9,754,425	4,250,405
Receivables	17	322,887,811	270,174,419
Cash and cash equivalents	18	90,934,823	178,386,497
		836,355,529	1,136,375,233
Current liabilities			
Payables	19	317,127,815	515,024,159
Current portion of long-term borrowings	20	38,656,319	35,690,977
Current portion of lease liability	20	8,560,341	7,394,545
		364,344,475	558,109,681
Net current assets		472,011,054	578,265,552
Total assets less current liabilities		1,287,062,866	1,304,656,594
Equity			
Issued capital	21	77,492,243	77,492,243
Retained earnings		718,835,133	716,896,476
		796,327,376	794,388,719
Non-current liabilities:			
Long term borrowings	20	399,817,837	126,162,056
Lease liability	20	73,172,381	78,170,576
Preference share	20	-	288,295,644
Deferred tax liability	22	17,745,272	17,639,599
Total equity and non-current liabilities		1,287,062,866	1,304,656,594

Approved for issue by the Board of Directors on July 26, 2021 and signed on its behalf by:

Hugh Graham - Chief Executive Officer

Jacqueline Somers - Director

Paramount Trading (Jamaica) Limited
Statement of Cash Flows
Year ended 31 May 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Net profit		63,637,339	53,019,489
Adjustments for:			
Depreciation	14	47,493,669	45,031,782
Depreciation- right of use assets	14	9,253,008	9,253,008
Provision for deferred tax		105,673	8,998,751
Interest Income		(3,794,536)	(2,534,621)
Interest expense		49,275,963	47,935,902
Gain on sale of assets		-	(3,510,000)
Operating cash flows before movements in working capital		165,971,116	158,194,311
Changes in operating assets and liabilities:			
Inventories		270,785,442	(135,654,893)
Receivables		(52,713,392)	102,827,272
Payables		(197,896,344)	31,319,855
Taxation recoverable		(5,504,020)	(2,579,428)
Taxation payable		-	(8,808,722)
		14,671,686	(12,895,916)
Cash generated from operations		180,642,802	145,298,395
Interest received		3,794,536	2,534,621
Interest paid		(49,275,963)	(47,935,902)
Net cash flow provided by operating activities		135,161,375	99,897,114
Cash flows from investing activities:			
Purchase of property, plant & equipment	14	(9,189,695)	(293,839,302)
Proceeds from sale of assets		-	3,510,000
Finance lease- right of use assets	14	-	(92,530,084)
Net cash used in investing activities		(9,189,695)	(382,859,386)
Cash flows from financing activities:			
Dividends paid	13	(61,698,682)	-
Loans received		300,000,000	124,709,029
Finance lease		-	92,530,084
Loans repaid		(315,506,920)	(18,775,942)
Net cash (used in)/provided by financing activities		(77,205,602)	198,463,171
Net increase/(decrease) in cash resources		48,766,078	(84,499,101)
Cash resources at the beginning of the year		212,404,902	296,904,003
Cash resources at the end of year		261,170,980	212,404,902
Represented by:			
Investments	15	170,236,157	34,018,405
Cash and cash equivalents	18	90,934,823	178,386,497
		261,170,980	212,404,902

Paramount Trading (Jamaica) Limited
Statement of Changes in Equity
Year ended 31 May 2021

	Note	No. of Shares	Share Capital	Retained Earnings	Total
			$	$	$
Balances at May 31 2018		1,542,467,080	77,492,243	662,932,572	740,424,815
Profit for the year		-	-	62,643,098	62,643,098
Dividend		-	-	(61,698,683)	(61,698,683)
Balances at May 31 2019		1,542,467,080	77,492,243	663,876,987	741,369,230
Profit for the year		-	-	53,019,489	53,019,489
Balances at 31 May 2020		1,542,467,080	77,492,243	716,896,476	794,388,719
Profit for the year		-	-	63,637,339	63,637,339
Dividend	13	-	-	(61,698,682)	(61,698,682)
Balances at 31 May 2021		1,542,467,080	77,492,243	718,835,133	796,327,376

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2021

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Paramount Trading (Jamaica) Limited was a private company limited by shares, incorporated in 1991 and domiciled in Jamaica. Effective December 31 2012, the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE), thereby becoming a public entity. The registered office of the Company is located at 39 Waltham Park Road, Kingston 13.

The Company's principal activity is the importation and distribution of chemicals, lubricants, and other related products. The Company also provides haulage services.

The Company operates a lubricant blending plant under franchise from Allegheny Petroleum Products, distributing lubricants to the transportation, manufacturing and industrial sectors. The Company license and supply and distribution agreement with Allegheny Petroleum Products Company permits the company to use formula trademark and related know-how exclusively for the manufacture of Allegheny lubricant in Jamaica with exclusive distribution rights to all member states of the Caribbean Community

The Company also has a license and distributing agreement with SIKA to market and distribute its line of construction and construction-related products. The product line includes anchoring, adhesives, and sealants primarily used in the building and construction sector.

Items included in the financials are measured using the functional currency of the primary economic environment in which the Company operates. The financial statements are presented in Jamaican dollars, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein. These policies have been consistently applied for all the years presented unless otherwise stated.

Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and the statement of financial position are prepared on the assumption that there is no intention or necessity to liquidate or curtail operations. This is commonly referred to as the going concern basis. Management believes that the preparation of the financial statements on the going concern basis continues to be appropriate.

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

The financial statements have been prepared on the historical cost basis, except for the following items, which are measured at fair value:

- Financial instruments at fair value through profit or loss;
- Revaluation of certain property, plant and equipment.

Revenues and expenses

Revenues and expenses are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

Judgments and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments and estimates that affect:

- The application of accounting policies;
- The reported amounts of assets and liabilities;
- Disclosures of contingent assets and liabilities; and
- The reported amounts of revenue and expenses during the reporting periods.

Actual results may differ from estimates made in the financial statements.
Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events, believed to be reasonable under the circumstances. Judgments and estimates are interrelated.

Management's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revision to accounting estimates is recognized in the period in which the estimates are revised and in the future affected periods. The use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

The following are the accounting policies that are subject to judgments and estimates that management believes could significantly impact the amounts recognized in the financial statements.

Financial assets

Judgment   financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on (i) the company's business model for managing the financial assets and (ii) the contractual cash flow characteristic of the financial assets. Judgment is required in determining the business model and its objective.

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Judgments and estimates (continued)

Revenue from contract with customers

Judgment – is required in (i) identifying performance obligations and determining the timing of the satisfaction of the performance obligations and (ii) the transaction price and the amount allocated to the performance obligations.

Estimation – if the consideration promised in a contract includes a variable amount, the company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer.

Impairment of assets

At each reporting date, judgment has been used in determining whether there has been an indication of impairment in the carrying amounts of the Company's tangible and intangible assets, which would require impairment testing to determine whether there is any indication that those assets have suffered impairment losses.

Where the carrying amount of an asset exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of an asset is higher of fair value, less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in comprehensive income. This is reversed only if there has been a change in the estimates used to determine the recoverable amount and not to exceed the original carrying amount before its impairment. The reversal is also recognized in the statement of comprehensive income.

Inventories

Estimation – Inventories are carried at the lower of cost and net realized value. The estimation of net realized value is based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realize. Additionally, estimation is required for inventory provision due to shrinkage, slow-moving, and obsolescence.

Income and other taxes

Judgment – Income and other taxes are subject to Government policies. In calculating current and recoverable income and other taxes, management uses judgment when interpreting the tax rules and determining the tax position. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business

Estimation – Income and other taxes are subject to Government policies, and estimates are required in determining the provision. Management recognizes liabilities for possible tax issues based on estimates of whether additional taxes may be due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Judgments and estimates (continued)

Receivables – allowance for impairment losses on trade receivables

Estimation –

Allowances are determined upon the origination of the trade accounts receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables. Under the ECL model, the Company segments its accounts receivable in a matrix by the days due. It determines for each age bracket an average rate of ECL, taken into account history, actual credit loss experience over the last 60 months and analysis of potential future delinquency of each customer balance.

The average ECL rate increases in each segment of "days past due" as the days outstanding on the receivable balance increase and is reclassified to another age bracket. The use of future assumptions, based on experience, that is applied to the balance makes uncertainty inherent in these estimates.

Post-employment benefits

Estimation – The accounting for the Company's post-employment benefit plan requires the use of assumptions. The Individual Retirement Account ("IRA") requires the Company to match the employees' contributions to the plan. Management's best estimates of future salary escalations, retirement ages of employees, employees' turnover, and contribution rates by employees are required.

Investment property

Judgment – Management applies judgment in determining whether a property qualifies as an investment property. Criteria are developed to allow management to exercise that judgment consistently.

Others

Estimation – Other estimates include determining the useful lives of property, plant and equipment for depreciation; in accounting for and measuring payables and accruals and in measuring fair values of financial instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards, interpretations, and amendments to published standards effective in the current year.

Certain amendments and clarifications to existing standards have been published that became effective during the current financial year. The Company has assessed the relevance of all such new amendments and clarifications and has put into effect the following, which are immediately relevant to the Company's operations. They include:

Amendments to the Conceptual Framework

The revised framework became effective on January 1, 2020, and covers all aspects of standard setting including the objective of financial reporting. The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements. There was no impact on adoption.

Amendment to IAS 1, Presentation of Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors is effective for annual periods beginning on or after January 1, 2020, and provides a definition of "material" to guide preparers of financial statements in making judgments and information to be included in financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity.'

The amendments became effective on 1 January 2020, it provides a definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Amendments to IFRS 9, Financial Instruments and IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosures

The amendments became effective on 1 January 2020 and are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as IBORs. They (i) modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform; and (ii) require companies to provide additional information to investors about their hedging relationships, which are directly affected by these uncertainties.

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Amendments to IFRS 3, Business Combinations

On 1 January 2020 Definition of a Business (Amendments to IFRS 3) became effective to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- confirmed that a business must include inputs and a process, and clarified that: the process must be substantive, and the inputs and process must together significantly contribute to creating outputs.

- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

This did not apply to the Company and had no impact.

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

Listed below are new and amended standards and interpretations that are not yet effective and have not yet been early adopted. The relevant standards included:

Amendments to IAS 1, Presentation of Financial statements, effective 1 January 2023.

IAS 1 has been revised to (i) clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all explicit that only rights in place "at the end of the reporting period" should affect the classification of exercise its right to defer settlement of a liability; and (iii) make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The effective date was deferred by 1 year from January 1, 2022, to January 1, 2023.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (continued)

Standards, amendments, and interpretations to existing standards that are not yet effective and have not been early adopted by the Company (continued)

Amendments to IAS 16 Property, Plant and Equipment, effective 1 January 2022

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related costs in profit or loss.

Amendment to IAS 37, Provisions, Contingent liabilities and Contingent Assets, effective 1 January 2022

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

Other Amendments effective 1 January 2022 include IFRS 1, IFRS 3, IFRS 9 and IFRS 28, but these principally relate to the treatment of foreign subsidiaries, business combinations, the '10%" test in assessing whether to derecognize a financial liability, preparation of consolidated financial statements and investments in associates and joint ventures respectively.

The Company has not completed the assessment of the impact that these may have on the financial statements when adopted

(b) Foreign currency transactions and balances

Foreign currency transactions that require settlement in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the statement of financial position date. Non-monetary assets and liabilities measured at historical cost denominated in currencies other than Jamaican dollars are translated at the exchange rate in effect at the date of the transactions or initial recognition. Non-monetary items in a foreign currency measured at fair value are translated using the exchange rates when the fair value was determined.

Gains and losses arising from fluctuations in exchange rates are generally included in profit or loss. However, foreign currency differences resulting from the translation of equity investments are recognised in other comprehensive income, except on impairment. The foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign currencies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Consolidation

A subsidiary is an enterprise controlled by the Company. Control exists when the company has the power, directly or indirectly, to govern an enterprise's financial and operating policies to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements of companies from the date control commences until the date that control ceases.

At the reporting date, 31 May 2021, the Company has no subsidiaries.

(d) Property, plant, and equipment

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. The land is carried at cost and is not depreciated.

Depreciation is calculated on a straight-line method at such rates as it will write off the carrying value of the assets over the period of their expected useful lives. Current annual rates of depreciation are:

Buildings	2-6%
Plant, machinery, and equipment	5- 10%
Furniture and fixtures	10%
Mobile equipment and motor vehicles	20%
Computer software and equipment	10%

The assets' residual values and useful lives are reviewed periodically for impairment. Where the assets' carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant, and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

Repairs and maintenance expenditures are included in the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the initially assessed standard of performance of the existing asset will flow to the Company.

The cost of self-constructed assets includes the cost of materials, direct labour, and related cost to put the asset into service. Borrowing costs, including but not limited to interest on borrowings and exchange differences arising on such borrowings that are directly attributable to the acquisition and/or construction of a qualifying asset, are capitalized as part of the cost of that asset.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its use are complete. Thereafter, borrowing costs are recognised in profit or loss when they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Inventories

Inventories are stated at the lower of cost, determined consistently on the same bases, and net realizable value. The cost of inventories is determined based on weighted average cost and includes costs incurred in bringing the inventories to their present location and condition. Inventories comprised finished goods, work-in-progress, and raw and packaging materials.

Net realizable value is the estimated selling price of inventory during the normal course of business, less estimated selling expenses.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at the bank, plus highly liquid instruments, including certificates of deposits, where the original maturities of such instruments usually do not exceed three (3) months. The Company does not operate an overdraft facility. Cash and cash equivalents are recorded at amortised cost.

(g) Financial instruments – recognition and measurement

A financial instrument is any contract that gives rise to a receipt or payment in cash or its equivalents and a financial asset of one party, and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Subsequent measurement of these assets and liabilities is based on fair value or amortized cost using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit or loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Classification and subsequent measurement.

Financial instruments – assets

The Company classifies financial assets according to its business model for managing the financial assets and the contractual terms of the cash flows. Classification choices for financial assets are:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments – recognition and measurement (continued)

Classification choices for financial liabilities are:

- Amortized cost
- FVTPL

Amortized cost

Financial assets are classified as amortized cost because the financial assets are held within a business model with the objective to hold financial assets to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Fair value through other comprehensive income (FVTOCI)

Financial assets are classified as FVTOCI because the financial assets are held with a business model with the objective to hold financial assets to collect contractual cash flows and selling financial assets. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely principal and interest payments on the principal amount outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss on derecognition.

Fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL unless they are classified as amortised cost or fair value through other comprehensive income. Gains and losses are recognized in other comprehensive income when the asset is modified or impaired and subsequently transferred to profit or loss or derecognition.

Derecognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flow from the assets expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the contractual obligations are discharged, cancelled or expires.

(h) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recorded at amortised cost.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Trade receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The asset's carrying amount is reduced through the use of an allowance account, and the amount of the loss is recognized in bad debt expense in the statement of comprehensive income. When a trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as recovery and credited to bad debt expense in the statement of comprehensive income.

Credit risk and expected loss

The Company is primarily exposed to credit risk on its trade receivables, and as such, does not provide for any lifetime expected credit loss (LECL). It applies the practical experience of not adjusting the promised consideration receivable because the period is less than 12 months. The Company recognizes a loss allowance on a forward-looking basis at an amount equal to its expected credit model (ECL) that was developed during the year in regards to its financial assets measured at amortized cost.

(j) Debt: borrowings and borrowing costs

Debt is classified as current when the Company expects to settle the liability in its normal operating cycle, it holds the liability primarily for trading, the liability is due to be settled within 12 months after the date of the statement of financial position, or it does not have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position; Otherwise, it is classified as long-term. After initial recognition, Debt is measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

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 ceases when the assets are substantially ready for their intended use or sale.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Revenue recognition

(i) Sale of goods

Revenue is recognized when the performance obligation, satisfied at a point-in-time to transfer goods and services to the customer, is complete. The completion is assessed when the customer takes control and or obtains the benefits of the goods and /or services, and the company has a present right to payment as evidence by an invoice or the right to invoice.

(ii) Finance income

Finance income comprises interest-earned on invested funds. Interest income is recognised in profit or loss as it accrues, taking into account the effective yield on the asset

(iii) Other operating income

Other operating income includes gains on disposal of assets, recognized when the asset is sold, foreign exchange gains, and miscellaneous inflows recognized when received.

(l) Leases

Leases of property, plant and equipment where the Company has substantially taken over all the risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the inception of the lease at the lower of the fair value of the leased asset or the present value of minimum lease payments. Each lease payment is allocated between the liability and interest charges to produce a constant rate of charge on the lease obligation. The interest element of the lease payments is charged to comprehensive income over the lease period.

Property, plant, and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term.

Prior to June 2019, assets held under other leases were classified as operating leases and were recognized in the Statement of Financial Position. Payments made under operating leases were recognized in the Statement of Comprehensive Income on a straight-line basis over the respective lease term.

From June 2019, the company has adopted IFRS 16 and recognized in the Statement of Financial Position right of use assets and lease liabilities.

Right of use assets are measured at cost comprising the following:

(1) The amount of initial measurement of the lease liability
(2) Any lease payments made at or before the commencement date less any lease incentives received.
(3) Any initial direct cost, and
(4) Restoration cost

Right of use assets is generally depreciated over the shorter of the asset useful life and the lease term on a straight-line basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Dividends

Dividends declared and payable to the Company's ordinary shareholders are recognised as a liability in the statement of financial position in the period in which the Company's Board of Directors approves the dividends.

(n) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is charged to the statement of comprehensive income net of any reimbursement.

(o) Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset or cash-generating units fair value less costs to sell and its value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in comprehensive income.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

(p) Pension and employee benefits

The Company does not have a Pension Plan, but it has implemented an Individual Retirement Account (IRA) scheme for some categories of staff operated by Sagicor Limited, a licensed Investment management entity. The Company contributes 5% to the IRA for each participating individual based on their gross salary. The Company recognizes a liability and an expense for its contribution to the IRA.

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 20201

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Pension and employee benefits (continued)

Employees' benefits include current or short-term benefits such as salaries, statutory contributions paid, annual vacation and sick leave, non-monetary benefits such as medical care. Entitlement to annual leave and other benefits are recognized when they accrue to employees.

(q) Related party disclosure

Related parties are identified and disclosed to allow users of the financial statements to be aware of the possibilities that the financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the "reporting entity")

(a) A person or close member of that person's family is related to a reporting entity if that person:

(i) Has control or joint control over the reporting entity;
(ii) Has significant influence over the reporting entity; or
(iii) Is a member of the key management personnel of the reporting entity or a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions apply:

- The Company and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both companies are joint ventures of the same third party.
- One company is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The company is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
- The company is controlled or jointly controlled by a person identified in (a) above.
- A person identified in ((a) (i)) above has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).

A related party transaction involves the transfer of resources, services or obligations between a reporting company and a related party, regardless of whether a price is charged.

(r) Investments

Certificate of Deposits, quoted shares and other investments are recognised at fair value. Incomes from these investments are accounted for based on the accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income taxes

The income tax expense for the year comprises a current and deferred tax. Income tax expense is recognized in net income, except to the extent that it relates to items recognized either in OCI or directly in equity.

I. **Current taxation**

The current tax charge is the expected tax payable on the taxable income for the year, using tax rates in effect at the reporting date plus any over or under the provision of tax in respect of previous years.

II. **Deferred taxation**

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences, which will result in deductible amounts in future periods, but only to the extent, it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized, or the liability will be settled based on enacted rates.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on December 31 2012. Under the Junior Market of the JSE incentive regime, the 100% income tax-free status expired December 31 2017, and the Company is now subject to income tax at 50% of its taxable income until December 31 2022. As a consequence of the 100% tax relief expiration, deferred taxation was recorded in the financial statements.

(t) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Management considers the Company to have five (5) strategic business units, which offer different products and services and principally require different technology and marketing strategies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Segment reporting (continued)

The primary reportable business units are:

Distribution

- of imported chemicals and lubricants
- of SIKA branded construction and adhesive products

Manufacturing

- of branded chemical products
- manufacturing of lubricants
- Sanitizing and surface cleaning products

Haulage

- haulage services provided to external customers

The manufacturing operations are conducted at 6 and 8 East Bell Road, Kingston 11 and the distribution of chemicals is done from both the Company's warehouses at East Bell Road and 39 Waltham Park Road, Kingston 13.

Financial and other transactions between business units have been eliminated, where necessary in preparing the financial statements.

(u) Expenses

(i) Expenses are recognised on the accrual basis.
(ii) Finance costs comprise interest incurred on borrowings, calculated using the effective interest method, foreign exchange losses and bank-related charges.
(iii) Payments under leases are recognised in profit or loss on the straight-line basis over the term of the lease.

(v) Share capital

Ordinary shares are classified as equity and carried at cost. Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

(w) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net income attributable to the shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period.

(x) Interest-bearing borrowing

Interest-bearing borrowings are recognised at cost. After initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective-interest basis.

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3. CAPITAL MANAGEMENT

The Company's objectives when managing capital is:

- Ensuring sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- Maintaining healthy liquidity reserves and access to capital;
- Optimizing the cost of capital while taking into consideration current and future industry, market, and economic risks and conditions; and
- To safeguard its ability to continue as a going concern in order to provide returns for its stockholders and benefits for other stakeholders

The definition of capital varies from company to company, industry to industry, and for different purposes. Management considers the definition of the Company's capital as long-term debt plus total equity.

The Company has a policy in place to manage capital. As part of the overall management of capital, management and the Audit Committee of the Board of Directors review the Company's compliance with and performance against the policy. In addition, periodic review of the policy is performed to ensure consistency with the risk tolerance.

The Company monitors its capital structure by measuring the gearing ratio. This ratio is calculated as total long-term debt divided by total capital under management.

The Company also monitors its fixed obligations to ensure compliance by tracking its interest and other coverage ratios and forecasting cash flows along with reviewing financial and other covenants of the existing debt agreements.

During 2021, the Company's capital management remained unchanged from 2020. The gearing ratios at May 31, 2021, and May 31, 2020, were as follows:

	May 31 2021 $	May 31 2020 $
Total long-term debts	520,206,878	535,713,738
Total long-term debt plus equity	1,316,534,254	1,330,102,459
	0.40	0.40

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Overview and risk management framework

The Company's overall risk management policies are established to identify and analyze the company's risks and set appropriate risk levels and controls and monitor risk and adherence to limits. Derivative financial instruments are not used to reduce exposure to any of the risks.

The Board of Directors is ultimately responsible for the oversight of the Company's risk management and has established committees such as audit and governance committee, along with treasury committee to monitor risks. The Company seeks to minimize potential adverse effects on the Company's financial performance and manage these risks by closely monitoring each risk factor as noted below.

The Company has exposure to the following risks from the use of financial instruments:

- Market risk (including foreign currency and interest rate risk)
- Credit risk;
- Liquidity risk; and

The Company has exposure to the following risks from its operations:

- Operational risk; and
- Reputational risk

The following presents information about the Company's exposure to each of the above risks and the Company's objectives, policies, and processes for measuring and managing these risks. Further quantitative disclosures are included throughout the financial statements and notes thereof.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management

(i) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage market risk exposures within acceptable parameters while optimizing the return. The Company's financial risk management policy establishes guidelines on how the Company is to manage the market risk inherent in the business and provides mechanisms to ensure business transactions are executed in accordance with established limits, processes and procedures.

All such transactions are carried out within the established guidelines. The Company does not use derivatives to manage the volatility of market risk.

- **Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company conducts business globally and is exposed to these risks arising from various transactions denominated in foreign currencies, primarily the United States (US$) dollar.

The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

The Company's statement of financial position as at May 31, 2021, includes aggregate net foreign liabilities of approximately US$1,293,366 (2020 -US$2,086,750) in respect of transactions arising in the ordinary course of business which was subject to foreign exchange rate changes as follows

The concentration of currency risks:

	2021 US$	2020 US$
Financial assets:		
Cash and cash equivalents	185,171	1,147,558
Financial liabilities:		
Payables and accruals	(1,478,537)	(3,234,308)
Net total liabilities	(1,293,366)	(2,086,750)
Equivalent to Jamaican dollars	J$(193,164,212)	J$(299,427,757)

The above assets/ (liabilities) are receivable/ (payable) in United States dollars. The average of the Bank of Jamaica (BOJ) buying and selling rate of exchange applicable at May 31, 2021, is J$149.35 to US$1 (2020- J$143.49 to US$1), respectively.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(i) Market risk (continued)

- **Foreign currency risk (continued)**

Foreign currency sensitivity

A 5% (2020- 5%) weakening of the Jamaican dollar would have decreased profit for the year by approximately $9.66 Million (2020 - $14.9 Million), assuming all other variables, particularly interest rates, remain constant.

- **Interest rate risk**

Interest rate risk is the risk that a financial instrument's fair value or future cash flows will fluctuate due to changes in market interest rates. Interest–bearing financial assets are primarily cash and cash equivalent, securities purchased under resale agreements and investments. Loans and bank overdrafts represent interest-bearing financial liabilities.

The Company attempts to manage the risk relating to financial liabilities by procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible. A financial asset is primarily managed by investing excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions.

During the year, the Company experienced a reduction in the rates on certain of its loans. At the reporting date, the interest profile of the Company's interest-bearing financial instruments was:

	2021 $	2020 $
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	520,206,878	535,713,738
	520,206,878	535,713,738
Variable-rate instruments		
Financial assets	197,891,847	197,026,677
Financial liabilities	-	-
	197,891,847	197,026,677

Fair value sensitivity analysis for fixed-rate instruments:

The Company does not hold any financial instruments that are carried at fair value. As a consequence, at the reporting date, fluctuation in interest rates would not affect the profit or other comprehensive income recognized for the year.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(i) Market risk (continued)

- **Interest rate risk (continued)**

Cash flow sensitivity analysis for variable rate instruments:

At the reporting date, a 2% (2020 - 2%) increase/(decrease) in interest rates would have increased/(decreased) profit by approximately $3.9 Million (2020 - $3.9 Million), assuming that all other variables, in particular, foreign currency rates, in both the current and prior years remained constant.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company faces credit risk principally in respect of its receivables from customers and, to a lesser extent, cash at bank and short-term deposits held with financial institutions. There is no significant concentration of credit risk, and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

There were no significant changes in the Company's approach to managing credit risk during the year.

Cash and cash equivalent

Cash and cash equivalent and investments are managed by maintaining these balances with licensed financial institutions considered to be stable and are deemed to have a low risk of default.

Trade receivables credit risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base is wide and covers different industries, and there is no significant concentration of credit risk.

Credit risk for receivables is mitigated by stringent credit reviews and approval of limits to customers. The Company also structures the levels of the credit risk it undertakes by placing limits on the amount of risk accepted about a single counterparty. The Company has an established credit process, which involves regular analysis of the ability of customers and other counterparties to meet repayment obligations.

The customer's credit quality is assessed, taking into account its financial position, experience, and other factors. The utilization of credit limits is regularly monitored.

The Company's customers principally include wholesalers, retailers, bauxite companies, companies within the construction industry and bakeries. The Company has procedures in place to restrict customer orders if the orders exceed their credit limits. Customers that fail to meet the Company's benchmark creditworthiness may transact business with the Company on a prepayment or cash basis.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Impairment:

The Company establishes a provision for impairment that represents its estimate of possible incurred losses in respect of trade receivables. Impairment is assessed for each customer balance over 90 days. The Company's exposure to this risk is moderate because approximately 68% (2020 - 60%) of its trade debtors are under 90 days.

The Company's credit period on the sale of goods ranges from 7 to 60 days, depending on the relationship with the respective customer. The Company introduced the ECL model regarding impairment of receivables, which resulted in the Company providing adequately for all receivables where collectability is deemed doubtful.

Maximum exposure to trade receivables credit risk

	2021	2020
	$	$
Credit risk exposures are as follows:		
Trade receivables	324,420,141	243,071,206

Exposure to credit risk by customer sector

The following table summarizes the Company's credit exposure for trade receivables at their carrying amounts, as categorized by customer sector:

	Note	2021	2020
		$	$
Manufacturing, wholesalers, and retailers		296,043,780	221,810,269
Sugar industry		-	-
Government		9,259,230	6,937,461
Bauxite sector		19,117,131	14,323,476
	17	324,420,141	243,071,206
Less: provision for impairment		(31,561,014)	(24,961,014)
		292,859,127	218,110,192

As at May 31 2021, the reporting date, there were significant concentrations of credit risk in respect of fourteen major receivable customers of the Company who in aggregate accounted for approximately $135 Million (2020 - $83 Million), representing approximately 42% (2020 - 34%) of trade receivables for the Company.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Movement on the provision for impairment of trade receivables

The movement on the provision for impairment of trade receivables was as follows:

	2021 $	2020 $
Balance at 1 June 2020	24,961,014	16,269,116
Increase in provision for receivables impairment	6,600,000	10,000,000
Bad debts written off	-	(1,308,102)
Balance at 31 May 2021	31,561,014	24,961,014

The creation of a provision for impaired receivables has been included in expenses in the profit or loss account. Amounts charged to the allowance account are written off when there is no expectation of recovering the additional cash.

Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on the data that is determined to be predictive of the risk of loss. Factors that are considered in assessing customers include applying experienced credit judgment, management accounts, cash flow projections, audited financial statements and available creditable press information.

Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to available external credit ratings. Potential loss exposure within each credit risk grade and an ECL rate is calculated for the Company's customer based on delinquency status and actual historical credit loss experience.

The Company uses an allowance matrix to measure ECLs trade receivables. The provision matrix is based on historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Loss rates are calculated based on the probability of a receivable progressing through successive stages of delinquency to write–off, current conditions and the economic conditions over the expected lives of the receivables.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Expected credit loss assessment (continued)

The following table provides information about the exposure to credit risk and ECL for trade receivables as at May 31 2021.

2021

Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance
Current (not past due)	0.90%	151,005,050	1,357,222
Past due 31-60 days	2.38%	50,885,910	1,209,993
Past due 61-90 days	16.01%	19,108,783	3,060,103
More than 90 days	25.08%	103,420,398	25,933,696
		324,420,141	31,561,014

2020

Age categories	Weighted average loss rate	Gross carrying amount	Loss allowance
Current (not past due)	1.04%	97,408,324	1,016,896
Past due 31-60 days	4.85%	18,691,218	906,585
Past due 61-90 days	8.27%	27,717,148	2,292,777
More than 90 days	20.90%	99,254,516	20,744,756
		243,071,206	24,961,014

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(ii) Credit risk (continued)

Financial instruments counterparty credit risk: cash and equivalents and investments

The Company exposure to financial instruments counterparty credit risk is related to its activities with cash and cash equivalent balances and investments. The Company manages this exposure by maintaining these balances with licensed and regulated financial institutions considered to be stable and are deemed to have a low risk of default. Transactions are only undertaken with highly rated counterparties.

Maximum exposure to financial instruments counterparty credit risk

	2021	2020
	$	$
Credit risk exposures are as follows:		
Investments, (excluding equity shares)	145,237,633	8,819,892
Cash and short-term equivalents	90,934,823	178,386,497
	236,172,456	187,206,389

The impairment on cash and cash equivalent and investments has been measured on the 12 months expected loss basis and reflects the short maturities of the exposures. The Company considered that cash and cash equivalent s have low credit risk. No impairment allowances were recognised on the initial adoption of IFRS 9, and there has been no change during the year.

Due from related parties

At the reporting date, there were no significant concentrations in respect of amounts due from related parties.

(iii) Liquidity risk

Liquidity risk is the risk that the Company might encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(iii) Liquidity risk (continued)

Liquidity risk management process

The Company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. The Company maintains cash and short-term deposits for up to 90 - day periods to meet its liquidity requirements.

The Company's liquidity management process, as carried out within the Company and monitored by the Treasury function, includes:

i. Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows
ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow
iii. Maintaining committed lines of credit
iv. Managing the concentration and profile of debt maturities
v. Optimizing cash returns on investments.

Cash flows of financial liabilities

The Company's financial liabilities comprise long-term loans and payables, and accruals. The table below shows the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Company can be required to settle its liabilities. These amounts are due as follows:

2021

	Carrying amount	Contractual cash flows	1 year or less	1-2 yrs	2-5 yrs
	$	$	$	$	$
Accounts payable	317,127,815	317,127,815	317,127,815	-	-
Long-term liabilities	520,206,878	557,151,364	58,895,678	397,456,649	100,799,037
Total financial liabilities	837,334,693	874,279,179	376,023,493	397,456,649	100,799,037

2020

	Carrying amount	Contractual cash flows	1 year or less	1-2 yrs	2-5 yrs
	$	$	$	$	$
Accounts payable	515,024,159	515,024,159	515,024,159	-	-
Long-term liabilities	535,713,798	606,933,695	343,085,481	79,934,785	183,913,429
Total financial liabilities	1,050,737,957	1,121,957,854	858,109,640	79,934,785	183,913,429

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(a) Financial risk management (continued)

(iii) Liquidity risk (continued)

Determination and disclosure of fair value of financial instruments

Fair value is considered as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The market price is used to determine fair value where an active market, such as a recognized stock exchange, exists, as it is the best evidence of the fair value of a financial instrument.

Financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observed, as follows:

- Level 1 fair value measurements are derived from quoted prices (unadjusted) in an active market for identical instruments. The FVTPL and FVOCI instruments in the financial repurchase agreement (reports) are classified as level 1.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company held no financial instruments in this category.

- Level 3 fair value measurements are derived from valuation techniques that include inputs for the instruments that are not based on observable market data (unobservable inputs). The Company held no financial instruments in this category.

The following methods and assumptions have been used in preparing the financial statements at the reporting date:

(i) The carrying value of cash and cash equivalents accounts receivable and accounts payable are assumed to approximate to their carrying values due to their short-term nature

(ii) Long-term liabilities carrying values approximate fair values as the loans are carried at an amortised cost reflecting their contractual obligations, and the interest rates are reflective of market rates for similar loans

(iii) Related party balances are carried at their contracted settlement values due to their short-term nature.

(iv) Investments classified as FVOCI or FVTPL are measured at fair value by reference to price quotes as published by established and reputable managers of these instruments.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes such as personnel, technology, and infrastructure, as well as from external factors, other than financial risks, such as those arising from legal, regulatory requirements and natural disasters.

The management of the Company is responsible for managing operational risk to avoid financial loss and damage to the Company's reputation while at the same time balancing the control procedures to allow innovation and creativity to facilitate the growth of the Company. Management is aware of the many operational risks and continues to implement the necessary strategies to mitigate the negative impact of the different risks associated with the operation of the Company.

(c) Reputational risk

The Company is engaged in a business that distributes chemical raw materials to various industries and manufactures basic inputs for food processing and industrial applications. Its reputation is critical within the marketplace, and the Company's management endeavours to be ethical and adopt international best practices in the storage, manufacturing, and distribution of its products.

The Company ensures that the necessary sanitary and quality standards are maintained and has regular audits from the government bodies responsible for the Company's portfolio of products, including the government's Bureau of Standards, Public Health Department, Jamaica Customs Department and the Ministry of Industry and Commerce. Also, as a supplier to several multinational and reputable local companies, the Company adheres and complies with their quality standards, and when potential customers conduct their independent audits, the Company is usually approved as a certified distributor to their respective plants.

Rigorous quality checks are integrated into the Company's receiving and delivery processes of its products, reducing customer complaints. Management considers the Company's reputation secured as events that may damage the Company's reputation are immediately investigated and the appropriate action taken in a manner that satisfies the complainant.

5. OPERATING SEGMENTS

The Company has five reportable operating segments: Chemicals, Construction and Adhesive, Manufacturing, Transportation, and Lubricants. The reportable operating segments are strategic business units offering different products and services. They are separately managed due to their distinct nature. The following summary describes the operations in each of the Company's reportable segments:

- The distribution of chemicals and chemical products for food and pharmaceutical additives and ingredients.
- The construction and adhesive business is the distribution of the SIKA branded products and adhesive and hardware supplies, i.e., concrete admixtures, waterproofing/moisture protection, sealants, floor and protective coating, and more.
- The manufacturing of technical and industrial-grade chemicals for direct use or as raw materials; solvents, disinfectants, germicides, household laundry and cleaning products, paints resin, and many more.
- Transportation/Haulage business provides island-wide delivery solutions.
- The distributions of oils and lubricants; engine oils and fluids, industrial oils and greases, hydraulic, transmission and other fluids.

Performance is measured based on segment gross profit as included in the internal management reports. Management has determined that this measure is the most relevant in evaluating segment results and allocating resources. Information regarding the results of each reportable operating segment is as follows:

- Chemicals, including sanitization products, account for over 56% (2020 - 55%) of revenue.
- Construction and Adhesives is a wholesale distribution outlet trading under the SIKA brand and is located on Bell Road, in Kingston, and accounts for approximately 7% (2020-10%) of revenue.
- Manufacturing operates from both the 39 Waltham Park Road (food grade) and 8 East Bell Road (technical grade) locations and accounts for approximately 19% (2020-17%) of revenue.
- Transportation division operates from 39 Waltham Park Road and accounts for approximately 2% (2020-2%) of revenue.
- Lubricants division account for approximately 15% (2020-16%) of revenue.

During the year, the Company started to manufacture products for household and commercial sanitization and this accounted for 5% of revenue; this has been included in the chemical segment figures.

5. OPERATING SEGMENTS (CONTINUED)

The segment information presented by management to the CEO does not provide a detailed analysis of the assets and liabilities related to the operations of the respective segments. Assets and liabilities are not assigned to each segment in the preparation of the Company's financial statements.

	2021					
	Chemicals	Construction and Adhesives	Manufacturing	Transport	Lubricants	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenues	808,514	104,493	274,692	27,676	222,222	1,437,597
Cost of sales						983,196
Gross profit						454,401

	2020					
	Chemicals	Construction and Adhesives	Manufacturing	Transport	Lubricants	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Revenues	836,809	151,188	260,691	34,932	231,962	1,515,582
Cost of sales						1,047,403
Gross profit						468,179

6. OPERATING PROFIT BEFORE TAXATION

The following have been charged in arriving at operating profit:

	2021 $	2020 $
Professional fees, including auditors' remuneration	4,152,500	3,500,000
Directors' emoluments:		
Fees	2,700,000	270,000
Executive management remuneration	16,390,672	17,936,319
Bad debts expensed	6,600,000	10,000,000
Foreign exchange gains	(18,682,583)	(9,892,763)
Depreciation	47,493,669	45,031,782
Depreciation: right of use assets	9,253,008	9,253,008
Staff costs (excluding management remuneration)	135,662,593	160,961,453

The average number of persons employed full-time by the Company during the year was 70 (2020-91)

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7. STAFF COSTS

	2021	2020
	$	$
Salaries (excluding managements' remuneration)	118,622,224	138,164,350
Employers' payroll taxes	13,280,118	15,350,203
Staff welfare	3,760,251	7,446,900
	135,662,593	160,961,453
Executive management remuneration	16,390,672	17,936,319
	152,053,265	178,897,772

8. OPERATING REVENUE AND OTHER OPERATING INCOME

(i) Operating revenue consists of the following:

	2021	2020
	$	$
Sale of goods	1,409,920,312	1,480,650,508
Services rendered	27,676,455	34,931,750
	1,437,596,767	1,515,582,258

(ii) Other operating income consists of the following:

	2021	2020
	$	$
Rental income – warehousing	3,909,475	5,219,693
Foreign exchange gain	18,682,583	9,892,763
Gain on disposal	-	3,510,000
Other	90,000	6,314,254
	22,682,058	24,936,710

Rental income is earned from unused warehousing space at The Company's Bell Road location.

9. EXPENSES BY NATURE

	2021	2020
	$	$
Cost of inventories recognized as expense	983,196,477	1,047,403,570
Subtotal: direct expenses	983,196,477	1,047,403,570
Selling, advertising, promotion, and distribution	3,945,683	8,811,448
Bad debts expenses	6,600,000	10,000,000
Subtotal: selling and distribution	10,545,683	18,811,448
Audit fee	4,152,500	3,500,000
Depreciation	47,493,669	45,031,782
Depreciation right of use assets	9,253,008	9,253,008
Repairs and maintenance	4,343,941	4,772,874
Staff costs	152,053,265	178,897,772
Motor vehicle expenses	4,504,057	4,457,292
Utilities	9,846,727	10,108,821
Insurance	29,307,181	28,054,811
Security	21,761,605	14,356,548
Rental	1,418,261	1,780,181
Other expenses	71,003,166	66,671,340
Subtotal: administrative	355,137,380	366,884,429
	1,348,879,540	1,433,099,447

10. FINANCE INCOME AND COSTS

	2021	2020
	$	$
Finance income -		
Interest income	3,794,536	2,534,621
Finance costs -		
Interest expenses	43,805,237	40,878,444
Debt financing fees and expenses	5,470,726	7,057,458
	49,275,963	47,935,902

11. TAXATION

(a) Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at 25% (2020 – 25%).

	2021	2020
	$	$
Taxation for the year comprises:		
Current tax expense	2,174,846	-
Deferred Tax	105,673	8,998,751
	2,280,519	8,998,751

Effective 1 January 2018, the 100% tax remission for the first five (5) years after listing on the Junior Market (JM) of the Jamaican Stock Exchange (JSE) expired, and the Company was subject to income tax on 50% of its chargeable income for the year ended 31 May 2021. The Company also accounted for deferred tax using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

According to the Income Tax regulations, during the current year ended 31 May 2021, the Company utilized S17M brought forward tax losses against 50% of the current taxable profits.

Subject to the agreement of the Commissioner, Tax Administration Jamaica, the Company has tax losses of approximately $32 million, which may be carried forward against future taxable profits indefinitely. However, the amount that can be utilized in any one year is restricted to 50% of the current year's taxable profit.

(b) The tax on the Company's profit differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2021	2020
	$	$
Profit before taxation	65,917,858	62,018,240
Tax calculation @ 25% (2020 – 25%)	16,479,465	15,504,560
Adjustment for difference in treatment of:		
Depreciation and capital allowances	(7,780,082)	(11,764,060)
Net effect of other charges for tax purposes	(4,349,691)	(3,740,500)
Adjustment for the effect of remission of tax.	(2,174,846)	-
Tax charged for the year	2,174,846	-

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11. TAXATION (CONTINUED)

(c) Remission of income tax:

By notice dated 13th August 2009, the Minister of Finance and the Public Service issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JMJSE) if certain conditions were achieved after the date of initial admission.

Effective 31 December 2012, the Company's shares were listed on the Junior Market of the JSE. Consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below;

Years 1 to 5 (1 January 2013 - 31 December 2017) 100%

Years 6-10: (1 January 2018 - 31 December 2022) – 50%

Provided the following conditions are met:

(i) The Company remains listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.
(ii) The Subscribed Participating Voting Share Capital of the Company does not exceed J$500 million
(iii) The Company has at least 50 Participating Voting Shareholders

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

12. EARNINGS PER SHARE

Basic EPS is computed by dividing the net profit for the year attributable to shareholders by the weighted average number of ordinary shares in issue for the year.

	2021	2020
	$	$
Net profit attributable to shareholders	63,637,339	53,019,489
Weighted average number of ordinary shares in issue	1,542,467,080	1,542,467,080
Basic earnings per share	0.041	0.034

13. DIVIDENDS

Declared and paid:	2021	2020
	$	$
Interim @0.04 (2020 – Nil) cents per share	61,698,682	-

By a round robin meeting on 15 December 2020, the Board of Directors approved an interim dividend payment of four cents ($0.04) per ordinary share.

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2021

14. PROPERTY, PLANT, AND EQUIPMENT

2021

	Equipment	Capital Work-in-progress	Computer Equipment	Furniture & Fixtures	Buildings	Motor Vehicles	Forklift	Leasehold Improvement	Leased Vehicles	Total	Leased Assets Building Right of Use
	$	$	$	$	$	$	$		$	$	$
At cost:											
1 June 2020	335,947,711	14,181,725	27,364,225	10,511,996	309,775,686	89,069,809	6,884,413	-	38,827,619	832,563,184	92,530,084
Capitalization of work-in-progress	12,196,199	(12,196,199)	-	-	-	-	-	-	-	-	-
Additions	4,891,374	398,642	415,781	1,930,098	-	-	-	1,553,800	-	9,189,695	-
Disposal	-	-	-	-	-	-	-	-	-	-	-
31 May 2021	353,035,284	2,384,168	27,780,006	12,442,094	309,775,686	89,069,809	6,884,413	1,553,800	38,827,619	841,752,879	92,530,084
Depreciation:											
1 June 2020	86,236,255	-	7,832,915	5,816,826	27,206,423	67,310,098	5,564,901	-	23,500,205	223,467,623	9,253,008
Charge for the year	17,368,472	-	2,634,656	944,321	7,744,396	12,336,325	946,599	77,690	5,441,210	47,493,669	9,253,008
Relief on Disposal	-	-	-	-	-	-	-	-	-	-	-
31 May 2021	103,604,727	-	10,467,571	6,761,147	34,950,819	79,646,423	6,511,500	77,690	28,941,415	270,961,292	18,506,016
Net book value											
31 May 2021	249,430,557	2,384,168	17,312,435	5,680,947	274,824,867	9,423,386	372,913	1,476,110	9,886,204	570,791,587	74,024,068

Paramount Trading (Jamaica) Limited
Notes to the Financial Statements
31 May 2021

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2020

	Equipment	Capital Work-in-progress	Computer Equipment	Furniture & Fixtures	Buildings	Motor Vehicles	Forklift	Leased Vehicles	Total	Leased Assets Building Right of Use
	$	$	$	$	$	$	$	$	$	$
At cost:										
1 June 2019	197,503,726	101,577,735	26,901,282	10,392,252	67,567,046	94,967,270	6,884,413	38,827,619	544,621,343	-
Capitalization of work-in-progress	-	(101,577,735)	-	-	101,577,735	-	-	-	-	-
Additions	138,443,985	14,181,725	462,943	119,744	140,630,905	-	-	-	293,839,302	92,530,084
Disposal	-	-	-	-	-	(5,897,461)	-	-	(5,897,461)	-
31 May 2020	335,947,711	14,181,725	27,364,225	10,511,996	309,775,686	89,069,809	6,884,413	38,827,619	832,563,184	92,530,084
Depreciation:										
1 June 2019	71,229,538	-	5,221,937	4,830,453	21,985,035	59,884,777	4,386,652	16,794,910	184,333,302	-
Charge for the year	15,006,717	-	2,610,978	986,373	5,221,388	13,322,782	1,178,249	6,705,295	45,031,782	9,253,008
Relief on Disposal	-	-	-	-	-	(5,897,461)	-	-	(5,897,461)	-
31 May 2020	86,236,255	-	7,832,915	5,816,826	27,206,423	67,310,098	5,564,901	23,500,205	223,467,623	9,253,008
Net book value										
31 May 2020	249,711,456	14,181,725	19,531,310	4,695,170	282,569,263	21,759,711	1,319,512	15,327,414	609,095,561	83,277,076

15. INVESTMENTS

	2021 $	2020 $
Fair Values:		
1.3% (2020-1.3%) US$ Certificate of Deposits	7,702,258	6,821,599
J$ Securities purchased under resale agreements	342,884	342,884
3% J$ Repo: Mayberry Investments	-	1,655,409
3.5% NCB US$ Investments	137,192,491	-
Quoted shares	24,998,524	25,198,513
	170,236,157	34,018,405

Securities purchased under agreement to resell are regarded as cash and cash equivalents for the statement of cash flows. The average effective interest rate at the year-end was approximately 3.3% (2020 3%).

16. INVENTORIES

	2021 $	2020 $
Chemicals	308,617,445	400,842,183
Construction and adhesives	50,899,576	56,799,106
Manufacturing raw materials	12,287,632	143,508,663
	371,804,653	601,149,952
Goods-in-transit	55,074,715	92,514,857
Less: provision for obsolete stock	(14,100,898)	(10,100,897)
	412,778,470	683,563,912

17. RECEIVABLES

	2021 $	2020 $
Trade receivables	324,420,141	243,071,206
Other receivables and prepayments	30,028,684	52,064,227
	354,448,825	295,135,433
Less provision for bad debts	(31,561,014)	(24,961,014)
Trade & other receivables	322,887,811	270,174,419

Trade receivables balance at the end of the year includes $68,857,156 (2020 - $43,021,675) from the Company's five (5) largest customers, and the balances were all within the approved credit limits. There are no other customers who represent more than five (5%) of the total trade receivables. The Company does not hold any collateral over trade receivables.

Other receivables mainly comprise amounts recoverable from a supplier and deposits in relation to the acquisition of assets.

18. CASH AND CASH EQUIVALENTS

	2021	2020
	$	$
Cash	255,000	255,000
Cash equivalents - US$ bank accounts	27,655,690	164,652,109
Cash equivalents - JA. $ bank accounts	63,024,133	13,479,388
	90,934,823	178,386,497

19. PAYABLES

	2021	2020
	$	$
Foreign payables	221,887,448	371,789,459
Local payables and accruals	41,941,981	125,029,658
Payables: related to manufacturing plant	-	-
Other payables	53,298,386	18,205,042
	317,127,815	515,024,159

20. LONG-TERM BORROWINGS

	2021	2020
	$	$
(i) 4% Allegheny Loan	102,686,364	113,004,731
(ii) 8.39% National Commercial Bank (NCB)	19,152,297	23,671,191
(iii) 8.49% Sagicor Bank	3,025,046	5,804,696
(iv) 7.01% - Simpson Financing	3,291,713	3,868,041
(v) 7.95% JMMB Bank loan	300,000,000	-
(vi) 12.5% -16.75% finance lease obligations [see (vi) below]	10,318,736	15,504,374
	438,474,156	161,853,033
Less current portion due within 12 months	(38,656,319)	(35,690,977)
Non-current balance	399,817,837	126,162,056

(vi) Lease liability	81,732,722	85,565,121
Less current portion	(8,560,341)	(7,394,545)
	73,172,381	78,170,576

The details of the loan are as follows:

(i) This represents a vendor's mortgage from Allegheny in acquiring the lubricant plant. It is payable over five years at 4% interest and is paid in 10 instalments of US$78,754 per period. This loan matures in December 2024.

(ii) This loan represents the principal balance which is repayable in monthly instalments of S 527,813 over 96 months. The loan is secured by a lien on a motor vehicle and matures in November 2024.

(iii) This represents the principal loan balance which is repayable in monthly instalments of S 263,829 over sixty (60) months. The loan is secured by a lien on a motor vehicle and matures in May 2022.

(iv) This loan represents loan financing for a motor truck and is repayable in 84 monthly instalments of $69,099. A lien secures the loan on the truck and matures in January 2026.

20. LONG-TERM BORROWINGS (CONTINUED)

(v) The JMMB Bank credit facility was used to assist with retiring 150,000 units of preference shares. The term of the facility is twenty-four (24) months, with an interest of $1,987,500 payable monthly over this period. The principal balance should be fully liquidated on or prior to maturity, which is twenty-four (24) months from the initial date of disbursement.

The is unsecured, and the Company has to ensure compliance with several specific financial conditions and agreed terms for continuity of the facility.

(vi) The lease obligations relate to motor vehicles and are payable as follows:

	2021 $	2020 $
Due from the reporting date as follows:		
Within one (1) year	6,575,974	5,221,545
Within two to five (2-5) years	7,014,768	16,999,331
Total future minimum lease payments	13,590,742	22,220,876
Less: future interest charges	(3,272,006)	(6,716,502)
Present value of minimum lease payments	10,318,736	15,504,374

Lease Liability

Right-of-use Asset, blended principal and interest payments (rent payments) are made monthly in the amount of US$7,500, and interest is charged at 6%, maturing in 2029

Principal amounts payable

- Current portion	$ 8,560,341
- Long term	$73,172,381
	$81,732,722

Principal repayments for each of the next four years along with the period 2025-2029 are as follows:

2021	-
2022	$8,560,341
2023	$9,088,324
2024	$9,648,871
2025-2029	$54,435,186

Preference shares:

	2021 $	2020 $
8.75% - Cumulative Redeemable Preference shares	-	288,295,644

The preference shares were redeemed during the year from the proceeds of a JMMB Bank loan. See note (v) above.

21. SHARE CAPITAL

	2021 $	2020 $
Authorized:		
1,620,000,000 (2020 1,620,000,000) ordinary shares of no-par value		
Issued and fully paid:		
1,542,467,080 (2020 – 1,542,467,080) shares of no-par value	77,492,243	77,492,243

22. DEFERRED INCOME TAXES

During the year, deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amount determined after appropriate offsetting are as follows:

	2021 $	2020 $
Deferred tax liability	17,745,272	17,639,599

Deferred taxation charged to profit or loss comprises the following temporary differences:

	2021 $	2020 $
Balance brought forward -	17,639,599	8,640,848
Amount charged to profit and loss	105,673	8,998,751
Deferred tax liability at year-end	17,745,272	17,639,599

Deferred income tax liabilities are recognised as the Company will be subject to income tax at 50% of the tax rate (25%) of its earnings until December 2022, should the Company remains listed on the Junior Market of the Jamaica Stock Exchange.

23. RELATED PARTIES TRANSACTIONS AND BALANCES

The statement of comprehensive income includes the following related party transactions

	2021 $	2020 $
Key management compensation:		
Salaries:	16,390,672	17,936,319

24. CONTINGENCIES AND COMMITMENTS

The Company's attorneys reported in their letter dated 5 July 2021 that for the year ended and as of 31 May 2021:

- they were not instructed by the Company regarding, and were not presently aware of any significant judgments or settlements of any actual, pending, or threatened litigation rendered for or against the Company
- they were not instructed by the Company regarding and were not aware of any pending liabilities, direct claims, or contingent liabilities
- they were not aware of any other information of a similar nature which has come to the firm's attention and which, in the firm's opinion, requires disclosure in the Company's financial statements.

25. IMPACT OF COVID 19

The outbreak of the novel Coronavirus (COVID-19) became a pandemic in March 2020 and has adversely affected the global economy and way of life. The continuous impact of COVID-19 on the Company's operations and future financial performance are reviewed periodically by the Board and Management with mitigating strategies implemented to reduce any long-term adverse effects. The pandemic and the measures to control its human impact resulted in disruptions to the Jamaican economic activities and business operations. The Company continues to review its credit and financial risk while containing costs and managing cash flow. Management has considered the consequences of the COVID-19 pandemic as well as other events and conditions and has determined that there is no additional material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

PROXY FORM

Place J$100
adhesive stamp
here

"I/We ____ (insert name)

of ____ (address)

being a shareholder(s) of the above-named Company, hereby appoint:

____ (proxy name)

of ____ (address)

or failing him, ____ (alternate proxy)

of ____ (address)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Saturday, November 20th, 2021 at 10:00 a.m**. at **The Liguanea Club, Knutsford Boulevard, Kingston 5, Saint Andrew** and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed, the proxy will vote as he sees fit):

No.	Resolution details	Vote for or against (tick as appropriate)
	ORDINARY RESOLUTIONS	
1.	**To receive the audited accounts of the Company for the year ended 31st May 2021 together with the reports of the auditors and the Board of Directors thereon.**	☐ For ☐ Against
2.(i)	To re-appoint the following Directors of the Board, who have resigned in accordance with Article 97 of the Articles of Incorporation of the Company and, being eligible, have consented to act on re-appointment:	
2.(i)(a)	**To re-appoint Sharon Donaldson-Levine as a Director of the Board of the Company.**	☐ For ☐ Against

2.(i)(b)	**To re-appoint Anna Maria Graham as a Director of the Board of the Company.**	☐ For ☐ Against
2.(ii)	To re-appoint the following Director of the Board, who has resigned in accordance with Article 93 of the Articles of Incorporation of the Company and, being eligible, has consented to act on re-appointment:	
2.(ii)	**To re-appoint Daniel Chin as a Director of the Board of the Company.**	☐ For ☐ Against
3.	**To authorise the Board to fix the remuneration of the Directors.**	☐ For ☐ Against
4.	**To re-appoint the auditors, and to authorise the Board of Directors to fix their remuneration.**	☐ For ☐ Against
5.	**To approve and ratify interim dividends of four cents ($0.04) per ordinary stock unit paid with respect to the financial year ended May 31, 2021.**	☐ For ☐ Against
6.	**To transact any other ordinary business of the Company that can be considered routine and appropriate for the annual general meeting.**	☐ For ☐ Against

Signed this _______ day of ____________________ 2021:

Signed: ______________________________________ (signature of primary shareholder)

Name: ______________________________________ (print name of primary shareholder)

Signed: ______________________________________(signature of joint shareholder, if any)

Name: ______________________________________ (print name of joint shareholder, if any)

PARAMOUNT
Jamaica