



PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

1st QUARTER ENDED AUGUST 31, 2015



**Paramount Trading (Jamaica) Limited
Report to Stockholders
Three months ended August 31, 2015**

The Board of Directors is pleased to present the unaudited results of the Company for the three months ended August 31, 2015.

The first quarter results reflect continued strong performance by the company.

Revenue increased by 16.7% moving from \$203.6 million to \$237.7 million as the company continued its focus on strengthening customer relationships and expanding its customer base.

Net profit increased by 24.7% from \$34.2 million in the corresponding period in the previous year to \$42.6 million. This was due in part to an improvement in the gross profit margin.

Year over year, operating expenses as a percentage of total revenue increased (16.9% versus 14.9%) as the company continued to strengthen its team and streamline operations.

Earnings per share improved from \$0.22 per share to \$0.28 per share.

Paramount has a positive outlook for the rest of the year as it continues to aggressively pursue growth opportunities as well as improved efficiencies and service level improvements.

We continue to express our gratitude for the strong commitment of our team, and the strong support of our customers and shareholders.

.....
A handwritten signature in black ink, appearing to be "A. J. ...", is written over a horizontal dotted line.

Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income First quarter ended August 31, 2015

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income First quarter ended August 31, 2015

	<u>Notes</u>	Unaudited 3 months ended <u>August 31, 2015</u>	Unaudited 3 months ended <u>August, 31 2014</u>	Audited 12 months ended <u>May 31, 2015</u>
		\$	\$	\$
Revenue		237,716,310	203,617,227	869,455,432
Direct expenses		156,812,140	139,920,030	589,666,773
Gross profit		80,904,170	63,697,197	279,788,659
Other operating income		3,381,353	2,706,046	16,366,240
		84,285,523	66,403,243	296,154,899
Less operating expenses:				
Administrative expenses		40,187,034	30,322,040	138,464,287
Selling & distribution		710,435	418,126	6,384,999
		40,897,469	30,740,166	144,849,286
Operating profit before finance costs		43,388,054	35,633,077	151,305,613
Finance income		538,832	* 292,352	1,585,400
Finance costs		(1,319,383)	(1,778,727)	(6,867,690)
Net finance costs		(780,551)	(1,486,375)	(5,282,290)
Net profit, being total comprehensive income for the period/year		42,607,503	34,176,702	146,023,323
Earnings per stock unit	5	0.28¢	0.22¢	0.95¢

* Finance income reclassified from other operating income for comparative purposes.

Paramount Trading (Jamaica) Limited

Statement of Financial Position August 31, 2015

<u>Note</u>	<u>Unaudited August 31, 2015</u>	<u>Unaudited August, 31, 2014</u>	<u>Audited May 31, 2015</u>
	\$	\$	\$
Non-current assets:			
Property, plant and equipment	92,785,186	87,316,847	93,584,263
Investments	52,811,558	5,540,389	51,862,246
Current assets:			
Inventories	262,877,159	203,048,135	278,353,618
Taxation recoverable	377,076	180,334	333,080
Receivables	166,900,577	177,769,373	147,320,111
Cash and cash equivalents	111,489,314	90,271,244	43,061,392
	541,644,126	471,269,086	469,068,201
Current liabilities			
Payables	143,761,876	136,588,817	110,395,637
Current portion of director's loan	3,616,915	3,209,828	3,510,542
Current portion of long term borrowings	9,469,180	14,419,668	9,582,329
	156,847,971	154,218,313	123,488,508
Net current assets	384,796,155	317,050,773	345,579,693
Total assets less current liabilities	530,392,899	409,908,009	491,026,202

Equity:				
Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		433,006,245	301,843,374	390,398,742
		510,498,488	379,335,617	467,890,985
Non-current liabilities:				
Director's loan		3,888,264	7,505,179	4,833,375
Long term borrowings		16,006,147	23,067,213	18,301,842
		19,894,411	30,572,392	23,135,217
Total Equity and non-current liabilities		530,392,899	409,908,009	491,026,202

Approved and signed on behalf of the Board by:

.....
Director

.....
Director

Paramount Trading (Jamaica) Limited

Statement of changes in Shareholders' Equity First quarter ended August 31, 2015

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2014	77,492,243	267,666,672	345,158,915
Total comprehensive income	-	34,176,702	34,176,702
Balances at August 31, 2014	<u>77,492,243</u>	<u>301,843,374</u>	<u>379,335,617</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2015	77,492,243	390,398,742	467,890,985
Total comprehensive income	-	42,607,503	42,607,503
Balances at August 31, 2015	<u>77,492,243</u>	<u>433,006,245</u>	<u>510,498,488</u>

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Three months ended August 31, 2015

	3 months ended August 31, 2015	3 months ended August 31, 2014
	\$	\$
Cash flows from operating activities		
Net profit for the period	42,607,503	34,176,702
Adjustments for:		
Depreciation	2,526,167	2,692,999
Gain on disposal of property, plant and equipment	(900,000)	-
	44,233,670	36,869,701
Changes in non- cash working capital balances (Increase)/decrease		
Inventories	15,476,459	(461,948)
Accounts receivable	(19,580,466)	(5,681,817)
Tax recoverable	(43,996)	4,816
Increase/(decrease)		
Payables	33,366,240	8,961,572
Current portion of long term borrowings	(6,777)	1,026,592
Net cash provided by operating activities	73,445,130	40,718,916
Cash flows from investing activity		
Acquisition of property, plant and equipment	(1,727,090)	(1,117,829)
Proceeds from disposal of property plant and equipment	900,000	-
Net cash used in investing activity	(827,090)	(1,117,829)
Cash flows from financing activities		
Loan repayments	(3,240,806)	(5,026,325)
Net cash used by financing activities	(3,240,806)	(5,026,325)
Net increase in cash and cash equivalents	69,377,234	34,574,762
Cash and cash equivalents at beginning of the period	94,923,638	61,236,872
Cash and cash equivalents at end of period	164,300,872	95,811,634
Represented by:		
Cash and cash equivalents	111,489,314	90,271,245
Investments	52,811,558	5,540,389
Net cash and cash equivalents at end of period	164,300,872	95,811,634

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements First quarter ended August 31, 2015

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

The Company operates in Jamaica and has its registered office at 39 Waltham Park Road Kingston 11. The principal activity of the Company is importation and distribution of chemical raw materials and other related products. The Company provides contract manufacturing services for an international company and is a distributor of the "SIKA" line of construction products. This line includes admixtures, adhesives and sealants with applications that range from the do-it-yourself to road construction.

Effective 31 December 2012, the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with IAS 34, interim reporting and should be read in conjunction with the audited financial statements for the year ended May 31, 2015, which have been prepared in accordance with IFRS and comply with the Jamaican Companies Act.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim financial statements are consistent with those used in the audited financial statements for the year ended May 31, 2015.

(a) Depreciation:

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

(b) Trade receivables

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

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements First quarter ended August 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Inventories

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

(d) Borrowing and borrowing costs

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

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

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

4. TAXATION

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

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

5. EARNINGS PER STOCK UNIT

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

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements
First quarter ended August 31, 2015

6. SHARE CAPITAL

	<u>2015</u>	<u>2014</u>
Authorised:		
162,000,000 (13,500,000x12) Ordinary shares of no par value		
 <u>Issued and fully paid</u>		
154,246,708 shares	77,492,243	77,492,243



**TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
OFFICERS
AUGUST 31, 2015**

Top 10 Stockholders	Number of Shares Held
Hugh Graham	123,396,684
Radcliff Knibbs	14,429,724
Libnah Graham	2,282,000
Jean Louis Graham	1,730,000
Vaughn Phang	1,300,000
Ursus Corporation Limited	1,204,117
James Lechler	1,003,475
Audrey M. Johnson	864,000
Jason Carl Carby	649,874
G.L. Enterprises Limites	492,000

Directors and Senior Officers	Number of Shares Held
Hugh Graham	123,396,684
Jukie Chin	42,000
Sharon Donaldson	141,000
Daryl Fong Kong	42,012
Radcliff Knibbs	14,429,724
James Lechler	1,003,475
Richard Rogers	42,012
Vaughn Phang	1,300,000
Marlene Vanriel	nil
Judith Maragh	nil