

PARAMOUNT
CHEMICALS

PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

2nd QUARTER ENDED NOVEMBER 30, 2015



**Paramount Trading (Jamaica) Limited
Report to Stockholders
Six months ended November 30, 2015**

The Board of Directors is pleased to present the unaudited results of the Company for the six months ended November 30, 2015.

Sales for the six month period were \$496.2 million versus \$431.5 million in the corresponding period last year reflecting an increase of \$64.7 million or 15%. The company's sales in the second quarter (2015: \$258.5 million; 2014: \$227.9 million) were higher by \$30.4 million or 13.4 %.

YTD, revenue from each business line reflected growth in excess of 10%. Chemical sales moved from \$383.8 million in the corresponding period last year to \$446.9 million reflecting an increase of \$44.1 million or 11.4%. The company continued to benefit from strategic growth initiatives.

Net profit increased by 6.8% moving from \$83.4 million in the previous year to \$89.1 million. Gross profit margin remained flat at 33.9%. Year over year operating expenses as a % of revenue increased from 14.9% to 16.4% in line with the company's strategic plans.

Earnings per stock unit also improved from 54 cents in the previous year's comparative period to 58cents and a dividend of \$0.39 per share was paid during the quarter.

Paramount will continue to pursue growth opportunities, organically through increased sales to existing customers as well as expansion into new markets and products.

Finally, our gratitude goes to our loyal customers, our supportive suppliers and our dedicated team.

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

Paramount Trading (Jamaica) Limited

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income Second quarter ended November 30, 2015

<u>Notes</u>	<u>Unaudited 3 months ended November 30, 2015</u>	<u>Unaudited 3 months ended November 30, 2014</u>	<u>Unaudited 6 months ended November 30 2015</u>	<u>Unaudited 6 months ended November 30, 2014</u>	<u>Audited 12 months ended May 31, 2015</u>
	\$	\$			\$
Revenue	258,502,019	227,952,498	496,218,330	431,569,725	869,455,432
Direct expenses	171,200,351	146,858,521	328,012,492	286,778,551	589,666,773
Gross profit	87,301,668	81,093,977	168,205,838	144,791,174	279,788,659
Other operating income	2,172,237	3,008,196	5,553,591	5,714,242	16,366,240
	89,473,905	84,102,173	173,759,429	150,505,416	296,154,899
Less operating expenses:					
Administrative expenses	41,257,351	33,167,841	81,843,746	63,494,656	138,464,287
Selling & distribution	1,004,011	353,957	1,315,086	772,083	6,384,999
	42,261,362	33,521,798	83,158,832	64,266,739	144,849,286
Operating profit before finance costs	47,212,543	50,580,375	90,600,597	86,238,677	151,305,613
Finance income	432,255	*404,328	969,197	*693,935	1,585,400
Finance costs	(1,159,552)	(1,740,516)	(2,477,045)	(3,516,500)	(6,867,690)
Net finance costs	(727,297)	(1,336,188)	(1,507,849)	(2,822,565)	(5,282,290)
Net profit, being total comprehensive income for the period/year	46,485,246	49,244,187	89,092,749	83,416,112	146,023,323
Earnings per stock unit 5	0.30¢	0.32¢	0.58¢	0.54¢	0.95¢

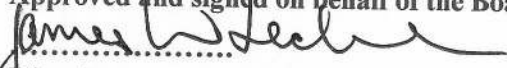
* Finance income reclassified from other operating income for comparative purpose


Paramount Trading (Jamaica) Limited

Statement of Financial Position November 30, 2015

<u>Note</u>	<u>Unaudited November 30, 2015</u> \$	<u>Unaudited November 30, 2014</u> \$	<u>Audited May 31, 2015</u> \$
Non-current assets:			
Property, plant and equipment	92,765,980	90,486,909	93,584,263
Investments	53,701,476	-	51,862,246
Current assets:			
Inventories	225,080,195	274,842,367	278,353,618
Tax recoverable	377,076	273,642	333,080
Receivables	201,267,220	171,884,058	147,320,111
Cash and cash equivalents	93,215,117	64,895,280	43,061,392
	519,939,608	511,895,347	469,068,201
Current liabilities			
Payables	139,881,835	135,825,244	110,395,637
Dividend payable	-	23,291,253	-
Current portion of director's loan	3,726,511	3,307,089	3,510,542
Current portion of long term borrowings	9,081,056	8,820,995	9,582,329
	152,689,402	171,244,581	123,488,508
Net current assets	367,250,206	340,650,766	345,579,693
Total assets less current liabilities	513,717,662	431,137,675	491,026,202
Equity:			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	419,335,275	327,791,531	390,398,742
	496,827,518	405,283,774	467,890,985
Non-current liabilities:			
Director's loan	2,914,516	6,641,027	4,833,375
Long term borrowings	13,975,628	19,212,874	18,301,842
	16,890,144	25,853,901	23,135,217
Total Equity and non-current liabilities	513,717,662	431,137,675	491,026,202

Approved and signed on behalf of the Board by:


.....
Director


.....
Director

Paramount Trading (Jamaica) Limited

Statement of changes in Shareholders' Equity Second quarter ended November 30, 2015

	<u>Note</u>	<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		-	83,416,112	83,416,112
Dividends			(23,291,253)	(23,291,253)
Balances at November 30, 2014		<u>77,492,243</u>	<u>327,791,531</u>	<u>405,283,774</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		-	89,092,749	89,092,749
Dividends	7		(60,156,216)	(60,156,216)
Balances at November 30, 2015		<u>77,492,243</u>	<u>419,335,275</u>	<u>496,827,518</u>

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Six months ended November 30, 2015

	<u>6 months ended</u> <u>November 30, 2015</u>	<u>6 months ended</u> <u>November 30, 2014</u>
	\$	\$
Cash flows from operating activities		
Net profit for the period	89,092,749	83,416,112
Adjustments for:		
Depreciation	4,971,020	5,420,131
Gain on disposal of fixed assets	(900,000)	(215,000)
	93,163,769	88,621,243
Changes in non- cash working capital balances		
(Increase)/decrease		
Inventories	53,273,423	(72,256,180)
Tax recoverable	(43,996)	(88,492)
Accounts receivable	(53,947,109)	203,498
Increase/(decrease)		
Payables	29,486,198	8,197,998
Current portion of long term borrowings	(285,304)	(4,474,820)
Net cash provided by operating activities	121,646,981	20,203,247

Cash flows from investing activity

Proceeds from disposal of property, plant and equipment

Acquisition of property, plant and equipment

Net cash used in investing activity

Cash flows from financing activities

Dividends paid

Loan repayments

Net cash used by financing activities

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Cash and cash equivalents at end of period

Represented by:

Cash and cash equivalents

Investments

Cash and cash equivalents at end of period

900,000	215,000
(4,152,737)	(7,015,023)
(3,252,737)	(6,800,023)
(60,156,216)	-
(6,245,073)	(9,744,816)
(66,401,289)	(9,744,816)
51,992,955	3,658,408
94,923,638	61,236,872
146,916,593	64,895,280
93,215,117	64,895,280
53,701,476	-
146,916,593	64,895,280

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements Second quarter ended November 30, 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
Second quarter ended November 30, 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
Second quarter ended November 30, 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

7. DIVIDENDS

On October 29, 2015, The Board of Directors approved a dividend of 39¢ per share. This was paid to shareholders on November 23, 2015.



**TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
OFFICERS
NOVEMBER 30, 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 Limited	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