



**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

3<sup>rd</sup> QUARTER ENDED FEBRUARY 28, 2013



**Paramount Trading (Jamaica) Limited**  
**Report to Stockholders**  
**Nine months ended February 28, 2013**

The Board of Directors is pleased to present the unaudited results of the company for the nine months ended February 28, 2013.

Sales for the nine month period were J\$ 458.5 million versus J\$436.2 million over the corresponding period last year reflecting an increase of J\$22.3 million or 5%. The company's sales in the third quarter (2013: J\$157.7 million; 2012: J\$148 million) were higher by J\$ 9.8 million or 6.5 % which is due in part to the contribution of the new transportation division which was acquired during the period. Revenues contributed by the division were \$5 million for the period and there was a gain of \$13.9 million on acquisition of its net assets which is included in other operating income.

Profit before taxation for the quarter was \$37.6 million. Year to date profit before taxation was \$58.6 million for the nine months which exceeded the corresponding prior period by \$20 million or 52%.

The most significant milestone in this quarter was the company's successful listing on the Jamaica Junior Stock Exchange on December 31, 2012 raising gross proceeds of J\$ 74,848,991 before brokerage and other fees. During this quarter the company also took steps to strengthen its management team and better streamline its operations.

We are aggressively pursuing projects for growth through this year into next. The growth that we expect will come primarily from lateral expansion and this direction is being pursued with a number of valuable opportunities. We continue to evaluate our capabilities to ensure that we will be equal to developing demands as they unfold. As opportunities are explored and developed, we continue to put emphasis on building the Paramount brand, enhancing our customer value proposition, in order to build customer loyalty and grow shareholder value.

We are grateful for the strong commitment of our team, and the strong support of our customers and shareholders.

  
.....  
**Hugh Graham**  
**Managing Director**

# **Paramount Trading (Jamaica) Limited**

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**Third quarter ended February 28, 2013**

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**Paramount Trading (Jamaica) Limited**  
**Statement of Comprehensive Income**  
**Third quarter ended February 28, 2013**

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	<b>Notes</b>	<b>Unaudited 3 months ended 28 February 2013</b>	<b>Unaudited 3 months ended 29 February 2012</b>	<b>Unaudited 9 months ended 28 February 2013</b>	<b>Unaudited 9 months ended 29 February 2012</b>	<b>Audited 12 months ended 31 May 2012</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		157,762,566	148,014,124	458,517,521	436,245,342	613,809,228
<b>Direct expenses</b>		<u>115,497,449</u>	<u>106,565,811</u>	<u>324,990,443</u>	<u>307,283,915</u>	<u>414,244,595</u>
<b>Gross profit</b>		42,265,117	41,448,313	133,527,078	128,961,427	199,564,633
<b>Other operating income</b>	4	<u>30,505,341</u>	<u>9,938,936</u>	<u>34,553,918</u>	<u>10,034,162</u>	<u>14,179,987</u>
		72,770,458	51,387,249	168,080,996	138,995,589	213,744,620
<b>Less operating expenses:</b>						
Administrative expenses		24,578,323	25,624,785	77,059,007	70,297,712	98,316,586
Selling & distribution		2,496,541	2,537,816	7,179,555	7,697,762	2,611,668
Depreciation		<u>3,450,498</u>	<u>3,417,243</u>	<u>10,449,293</u>	<u>10,225,418</u>	<u>12,800,285</u>
		30,525,362	31,579,844	94,687,855	88,220,892	113,728,539
<b>Operating profit before finance costs and taxation</b>		42,245,096	19,807,405	73,393,141	50,774,697	100,016,081
Finance costs		<u>4,589,572</u>	<u>4,125,549</u>	<u>14,738,915</u>	<u>12,129,276</u>	<u>15,889,379</u>
<b>Profit before taxation</b>		37,655,524	15,681,856	58,654,226	38,645,421	84,126,702
Taxation		<u>(1,548,072)</u>	<u>(5,732,424)</u>	<u>(6,303,696)</u>	<u>(14,126,625)</u>	<u>(30,752,062)</u>
<b>Net profit, being total comprehensive income for the period/year</b>		<u>36,107,452</u>	<u>9,949,432</u>	<u>52,350,530</u>	<u>24,518,796</u>	<u>53,374,640</u>
<b>Earnings per stock unit</b>	6	<u>0.25¢</u>	<u>0.08¢</u>	<u>0.40¢</u>	<u>0.20¢</u>	<u>0.43¢</u>

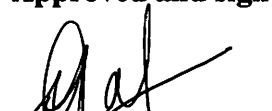
# Paramount Trading (Jamaica) Limited


## Statement of Financial Position

Third quarter ended February 28, 2013

	Note	Unaudited February 28, 2013 \$	Unaudited February 29, 2012 \$	Audited May 31, 2012 \$
<b>Non-current assets:</b>				
Property, plant and equipment		86,537,816	91,545,145	92,027,485
Investments		61,064,965	10,366,609	763,480
<b>Current assets:</b>				
Inventories		177,773,884	173,852,849	185,796,815
Receivables		114,318,645	100,358,968	98,692,742
Cash and cash equivalents		<u>43,241,863</u>	<u>8,275,768</u>	<u>7,647,990</u>
		<u>335,334,392</u>	<u>282,487,585</u>	<u>292,137,547</u>
<b>Current liabilities</b>				
Payables		126,767,995	128,529,869	108,966,998
Taxation payable		25,084,275	27,457,592	32,104,263
Current portion of long term mortgage loan		904,897	901,277	1,339,808
Current portion of long term borrowing		<u>19,320,226</u>	<u>18,233,160</u>	<u>20,541,540</u>
		<u>172,077,393</u>	<u>175,121,898</u>	<u>162,952,609</u>
<b>Net current assets</b>		<u>163,256,999</u>	<u>107,365,687</u>	<u>129,184,938</u>
<b>Total assets less current liabilities</b>		<u>310,859,780</u>	<u>209,277,441</u>	<u>221,975,903</u>
<b>Equity:</b>				
Issued capital	7	77,492,243	10,283,059	10,283,059
Retained earnings		<u>174,104,939</u>	<u>92,898,566</u>	<u>121,754,409</u>
		251,597,182	103,181,625	132,037,468
<b>Non-current liabilities:</b>				
Shareholders' loans		-	19,573,510	4,235,527
Related company loan		-	9,759,283	11,733,883
Long term mortgage loan		14,069,231	14,902,738	15,813,707
Long term borrowings		<u>45,193,367</u>	<u>61,860,285</u>	<u>56,457,349</u>
		59,262,598	106,095,816	88,240,466
Deferred income taxes		<u>-</u>	<u>-</u>	<u>1,697,969</u>
<b>Total Equity and non-current liabilities</b>		<u>310,859,780</u>	<u>209,277,441</u>	<u>221,975,903</u>

Approved and signed on behalf of the Board by:

  
.....  
Director

  
.....  
Director

**Paramount Trading (Jamaica) Limited**  
**Statement of changes in Shareholders' Equity**  
**Third quarter ended February 28, 2013**

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	<u>Note</u>	<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Total</u> \$
Balances at May 30, 2011		10,283,059	68,379,770	78,662,829
Total comprehensive income		<u>-</u>	<u>24,518,796</u>	<u>24,518,796</u>
Balances at February 29, 2012		<u>10,283,059</u>	<u>92,898,566</u>	<u>103,181,625</u>

		<u>Share capital</u> \$	<u>Retained earnings</u> \$	<u>Total</u> \$
Balances at May 30, 2012		10,283,059	121,754,409	132,037,468
Issue of shares net of transaction costs	7	67,209,184	-	67,209,184
Total comprehensive income		<u>-</u>	<u>52,350,530</u>	<u>52,350,530</u>
Balances at February 28, 2013		<u>77,492,243</u>	<u>174,104,939</u>	<u>251,597,182</u>

**Paramount Trading (Jamaica) Limited**  
**Statement of Cash Flows**  
**Third quarter ended February 28, 2013**

	Nine months ended 28 February 2013	Nine months ended 29 February 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Net profit for the period	52,350,530	24,518,796
<b>Adjustments for:</b>		
Depreciation	10,449,293	10,225,418
Gain on disposal of property, plant and equipment	-	( 350,000)
Write back of related company loan	( 5,988,624)	-
Deferred taxation (liability) / asset	<u>( 1,697,969)</u>	<u>187,873</u>
	55,113,230	34,582,087
<b>Changes in non- cash working capital balances</b>		
<b>(Increase)/decrease</b>		
Inventories	8,022,931	(21,752,832)
Accounts receivable	(15,625,903)	(14,281,402)
<b>Increase/(decrease)</b>		
Taxation payable	( 7,019,988)	8,201,663
Accounts payable	<u>17,800,997</u>	<u>(10,528,806)</u>
Net cash provided/ (used) by operating activities	<u>58,291,267</u>	<u>( 3,779,290)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(4,959,624)	(13,099,636)
Proceeds from disposal of property, plant and equipment	<u>-</u>	<u>700,000</u>
Net cash used in investing activities	<u>(4,959,624)</u>	<u>(12,399,636)</u>
<b>Cash flows from financing activities</b>		
Loan repayments	(24,645,469)	(15,851,332)
Transaction costs	( 7,639,807)	-
Issue of shares	<u>74,848,991</u>	<u>-</u>
Net cash provided/ (used) by financing activities	<u>42,563,715</u>	<u>( 15,851,332)</u>
<b>Net increase /(decrease) in cash and cash equivalents</b>	95,895,358	(32,030,258)
Cash and cash equivalents at beginning of the period	<u>8,411,470</u>	<u>50,672,635</u>
<b>Cash and cash equivalents at end of period</b>	<u>104,306,828</u>	<u>18,642,377</u>
<b>Represented by:</b>		
Cash and cash equivalents	43,241,863	8,275,768
Investments	<u>61,064,965</u>	<u>10,366,609</u>
Net cash and cash equivalents at end of period	<u>104,306,828</u>	<u>18,642,377</u>

**Paramount Trading (Jamaica) Limited**  
**Notes to interim Financial Statements**  
**Third quarter ended February 28, 2013**

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**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. During the third quarter, the company acquired the operations of a related entity, Stamina Trucking Limited which provides island wide transportation services.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB).

**(b) Basis of measurement**

The financial statements are prepared on the historical cost basis, except for the measurement at fair value of certain property, plant and equipment which are carried at fair value.

**(c) Functional and presentation currency**

The financial statements are presented in Jamaican dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar, unless otherwise indicated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

**(a) 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. 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.



**Paramount Trading (Jamaica) Limited**  
**Notes to interim Financial Statements**  
**Third quarter ended February 28, 2013**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(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.

**(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. Other operating income**

Other operating income includes gain on acquisition of net assets of a related company of \$13,916,722 (see note 8) and loan to related company of \$5,988,624 which was written back to profit and loss during this quarter.

**5. 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%

**Paramount Trading (Jamaica) Limited**  
**Notes to interim Financial Statements**  
**Third quarter ended February 28, 2013**

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**6. 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.

**7. Share Capital**

	<u>2013</u>	<u>2012</u>
<b>Authorised:</b>		
162,000,000 (13,500,000x12) ordinary shares of no par value (2012-12,000,000)		
<b><u>Issued and fully paid</u></b>		
154,246,708 shares (2012- 10,283,059)	<u>77,492,243</u>	<u>10,283,059</u>

Effective November 15, 2012 the shareholders passed a resolution to re-register as a public company under Section 34 of the Companies Act 2004 and adopted new articles for that purpose. In addition the following resolutions were passed:

- The authorised share capital be increased by 1 million ordinary shares
- That each of the ordinary shares in the capital of the company be subdivided into 12 ordinary shares
- That all fully paid shares in the capital of the company be and are hereby converted to stock units

By Prospectus dated December 12, 2012, 30,850,000 shares were offered to general public at an invitation price of \$2.43 per ordinary share. The paid-up share capital is net of transactions costs incurred of \$7,639,807.

**8. Acquisition of business**

During the period, the Company acquired the net assets of a related company, Stamina Trucking Company Limited in consideration for the assumption of its liabilities. (see note 4)



TOP 10 STOCKHOLDERS  
FEBRUARY 28, 2013

Name	Number of Shares held
Hugh Graham	123,396,684
Radcliff Knibbs	2,595,000
Bamboo Group Holdings Limited	2,318,824
Libnah Graham	2,282,000
Apex Pharmacy	2,109,325
Mayberry Investments Limited	2,030,920
Jean Louis Graham	1,730,000
Konrad Limited	1,480,778
Mayberry Managed Client Account	1,354,057
Vaughn Phang	1,275,000

DIRECTORS AND SENIOR OFFICERS

Hugh Graham	123,396,684
Jukie Chin	42,000
Sharon Donaldson	141,000
Daryl Fong Kong	42,000
Radcliff Knibbs	2,595,000
James Lechler	1,003,475
Richard Rogers	42,000
Vaughn Phang	1,275,000
Marlene Vanreil	216,458
Judith Maragh	29,591