

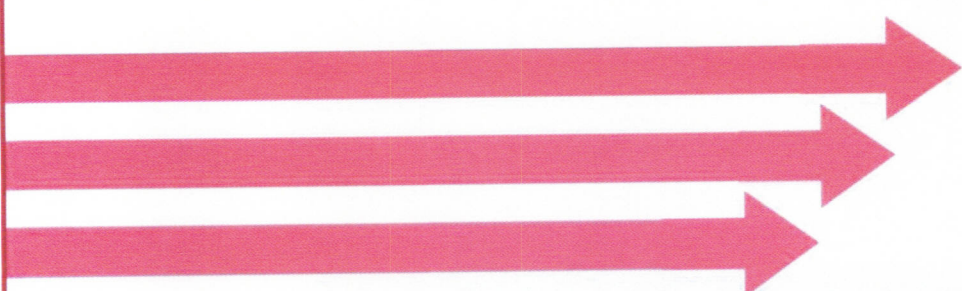


PARAMOUNT TRADING (JAMAICA) LIMITED



***Chemicals...
your business, OUR LIFE!***

Quarterly Report June 1 - August 31, 2013





**Paramount Trading (Jamaica) Limited
Report to Stockholders
Three months ended August 31, 2013**

The Board of Directors is pleased to present the unaudited results of the Company for the three months ended August 31, 2013.

The first quarter results reflect revenue of \$169 million versus \$152 million over the corresponding period last year reflecting an increase of \$17 million or 12% due largely to our marketing and selling efforts which were buoyed by the post IPO momentum.

Operating expenses as a percentage of revenue showed improvement over the corresponding period in the previous year and was 18.9% compared to 19.7%. Although there were increased staff and other costs in line with the strategic direction of the Company, the increase in revenue over the previous period was higher than the increase in operating costs.

Net profit increased by 80% from \$10.6 million in the corresponding period in the previous year to \$19.1 million. This is mainly attributable to the improvement in the gross profit margin of the core business segments, the contribution of the trucking division and income from warehousing.

During the quarter the Company made progress in its pursuit of growth opportunities. The production of formulated products through a contract manufacturing arrangement commenced and the Oxyterge formulated product was launched.

Paramount also successfully completed a significant engineering solutions project which represents a value added service and should also result in increased revenues in the medium term.

As part of the Company's strategic planning framework key management movements were made internally, along with external recruiting, to strengthen leadership capability.

We are grateful 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 "Gal", is written over a horizontal dotted line. A long, thin diagonal line extends from the bottom right of the signature across the page.

Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income First quarter ended August 31, 2013

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income First quarter ended August 31, 2013

	<u>Notes</u>	Unaudited 3 months ended <u>August 31, 2013</u> \$	Unaudited 3 months ended <u>August, 31 2012</u> \$	Audited 12 months ended <u>May 31, 2013</u> \$
Revenue		169,452,644	151,991,178	642,128,641
Direct expenses		116,335,337	106,942,933	445,544,075
Gross profit		53,117,307	45,048,245	196,584,566
Other operating income		3,902,308	694,347	40,553,548
		57,019,615	45,742,592	237,138,114
Less operating expenses:				
Administrative expenses		31,239,953	29,861,917	125,639,363
Selling & distribution		871,757	137,734	4,129,929
		32,111,710	29,999,651	129,769,292
Operating profit before finance costs and taxation		24,907,905	15,742,941	107,368,822
Finance costs		5,849,065	5,083,716	23,828,282
Profit before taxation		19,058,840	10,659,225	83,540,540
Taxation	4	-	(2,548,046)	(10,192,184)
Net profit, being total comprehensive income for the period/year		19,058,840	8,111,179	73,348,356
Earnings per stock unit	5	0.12¢	0.07¢	0.54¢

Paramount Trading (Jamaica) Limited

Statement of Financial Position August 31, 2013

	<u>Note</u>	<u>Unaudited</u> <u>August 31, 2013</u>	<u>Unaudited</u> <u>August, 31, 2012</u>	<u>Audited</u> <u>May 31, 2013</u>
		\$	\$	\$
Non-current assets:				
Property, plant and equipment		87,101,420	89,896,966	83,350,857
Investments		3,467,686	763,480	3,467,686
Current assets:				
Inventories		187,186,559	174,543,310	172,450,248
Receivables		152,157,360	85,350,947	146,238,460
Cash and cash equivalents		41,700,671	26,784,442	60,318,395
		381,044,590	286,678,699	379,007,103
Current liabilities				
Payables		103,130,121	94,874,222	110,253,245
Taxation payable		12,106,100	34,637,574	12,159,063
Current portion of director's loan		2,388,193	2,205,456	1,290,000
Current portion of long term borrowings		18,746,565	20,448,984	19,675,276
		136,370,979	152,166,236	143,377,584
Net current assets		244,673,611	134,512,463	235,629,519
Total assets less current liabilities		335,242,717	225,172,909	322,448,062

Equity:

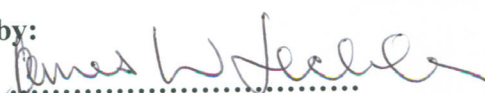
Issued capital	6	77,492,243	10,283,059	77,492,243
Retained earnings		214,161,605	129,865,588	195,102,765
		291,653,848	140,148,647	272,595,008

Non-current liabilities:

Related party loan		-	19,534,301	-
Director's loan		11,085,935	14,240,462	12,934,128
Long term borrowings		32,502,934	51,249,499	36,918,926
		43,588,869	85,024,262	49,853,054
Total Equity and non-current liabilities		335,242,717	225,172,909	322,448,062

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, 2013

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2012	10,283,059	121,754,409	132,037,468
Total comprehensive income	-	8,111,179	8,111,179
Balances at August 31, 2012	<u>10,283,059</u>	<u>129,865,588</u>	<u>140,148,647</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2013	77,492,243	195,102,765	272,595,008
Total comprehensive income	-	19,058,840	19,058,840
Balances at August 31, 2013	<u>77,492,243</u>	<u>214,161,605</u>	<u>291,653,848</u>

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Three months ended August 31, 2013

	3 months ended August 31, 2013	3 months ended August 31, 2012
	\$	\$
Cash flows from operating activities		
Net profit for the period	19,058,840	8,111,179
Adjustments for:		
Depreciation	2,557,407	3,499,398
Deferred taxation liability	-	(1,697,969)
	21,616,247	9,912,608
Changes in non- cash working capital balances (Increase)/decrease		
Inventories	(14,736,311)	11,253,505
Accounts receivable	(5,918,900)	13,341,795
Increase/(decrease)		
Payables	(7,123,124)	(14,092,776)
Taxation payable	(52,963)	2,533,311
Current portion of long term borrowings	169,482	773,092
Net cash (used)/provided by operating activities	(6,045,569)	23,721,535

Cash flows from investing activity

Acquisition of property, plant and equipment

Net cash used in investing activity

Cash flows from financing activities

Loan repayments

Increase in related party loan

Net cash used by financing activities

Net (decrease)/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

Net cash and cash equivalents at end of period

(6,307,970)	(1,368,879)
(6,307,970)	(1,368,879)
(6,264,185)	(6,781,095)
-	3,564,891
(6,264,185)	(3,216,204)
(18,617,724)	19,136,452
63,786,081	8,411,470
45,168,357	27,547,922
41,700,671	26,784,442
3,467,686	763,480
45,168,357	27,547,922

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements First quarter ended August 31, 2013

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

(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) 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

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements First quarter ended August 31, 2013

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. 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, 2013

6. SHARE CAPITAL

	<u>2013</u>	<u>2012</u>
Authorised:		
162,000,000 (13,500,000x12) Ordinary shares of no par value (2012- 12,000,000)		
<u>Issued and fully paid</u>		
152,246,708 share (2012- 10,283,059)	77,492,243	10,283,059



TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS

AUGUST 31, 2013

Top 10 Stockholders

	Number of Shares Held
Hugh Graham	123,396,684
Radcliff Knibbs	3,431,839
Bamboo Group Holdings Limited	2,318,824
Libnah Graham	2,282,000
Mayberry West Indies Limited	2,227,342
Apex Pharmacy	2,109,235
Jean Louis Graham	1,730,000
Konrad Limited	1,480,778
Vaughn Phang	1,275,000
James Lechler	1,003,475

Top 10 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	3,431,839
James Lechler	1,003,475
Richard Rogers	42,012
Vaughn Phang	1,275,000
Marlene Vanriel	216,458
Judith Maragh	29,591



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Food Grade**

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