



PARAMOUNT
CHEMICALS

PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

1st QUARTER ENDED AUGUST 31, 2014

Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income First quarter ended August 31, 2014

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**Paramount Trading (Jamaica) Limited
Report to Stockholders
Three months ended August 31, 2014**

The Board of Directors is pleased to present the unaudited results of the Company for the three months ended August 31, 2014.

The first quarter results reflect strong revenue growth as the company took steps to increase its customer base which included the expansion of its portfolio to include the sale of petroleum products and also to increase share of large customer purchases. **Revenue increased by 20% moving from \$169 million in the corresponding period last year to \$203 million.**

Net profit increased by 79% from \$19 million in the corresponding period in the previous year to \$34 million. The company's proactive financial management around debt restructuring involving interest rate reduction as well as improved foreign currency risk management also contributed to the growth in the bottom line.

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

We would like to thank our valued customers, employees and other stakeholders for their contribution to the company's performance during the quarter and look forward to their continued support.

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, 2014

	<u>Notes</u>	Unaudited 3 months ended <u>August 31, 2014</u> \$	Unaudited 3 months ended <u>August, 31 2013</u> \$	Audited 12 months ended <u>May 31, 2014</u> \$
Revenue		203,617,227	169,452,644	709,036,860
Direct expenses		139,920,030	116,335,337	479,690,179
Gross profit		63,697,197	53,117,307	229,346,681
Other operating income		2,998,398	3,902,308	10,626,037
		66,695,595	57,019,615	239,972,718
Less operating expenses:				
Administrative expenses		30,322,040	31,239,953	120,446,374
Selling & distribution		418,126	871,757	5,185,978
		30,740,166	32,111,710	125,632,352
Operating profit before finance costs and taxation		35,955,429	24,907,905	114,340,366
Finance costs		(1,778,727)	(5,849,065)	(21,378,412)
Profit before taxation		34,176,702	19,058,840	92,961,954
Taxation	4	-	-	425,259
Net profit, being total comprehensive income for the period/year		34,176,702	19,058,840	93,387,213
Earnings per stock unit	5	0.22¢	0.12¢	0.61¢

Paramount Trading (Jamaica) Limited

Statement of Financial Position August 31, 2014

<u>Note</u>	<u>Unaudited</u> <u>August 31, 2014</u>	<u>Unaudited</u> <u>August, 31, 2013</u>	<u>Audited</u> <u>May 31, 2014</u>
	\$	\$	\$
Non-current assets:			
Property, plant and equipment	87,316,847	87,101,420	88,892,017
Investments	5,540,389	3,467,686	5,487,025
Current assets:			
Inventories	203,048,135	187,186,559	202,586,187
Taxation recoverable	180,334	-	185,150
Receivables	177,769,373	152,157,360	172,087,556
Cash and cash equivalents	90,271,244	41,700,671	55,749,847
	471,269,086	381,044,590	430,608,740
Current liabilities			
Payables	136,588,817	103,130,121	127,627,246
Taxation payable	-	12,106,100	-
Current portion of director's loan	3,209,828	2,388,193	3,115,528
Current portion of long term borrowings	14,419,668	18,746,565	13,487,376
	154,218,313	136,370,979	144,230,150
Net current assets	317,050,773	244,673,611	286,378,590
Total assets less current liabilities	409,908,009	335,242,717	380,757,632

Equity:				
Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		301,843,374	214,161,605	267,666,672
		379,335,617	291,653,848	345,158,915
Non-current liabilities:				
Director's loan		7,505,179	11,085,935	8,343,816
Long term borrowings		23,067,213	32,502,934	27,254,901
		30,572,392	43,588,869	35,598,717
Total Equity and non-current liabilities		409,908,009	335,242,717	380,757,632

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, 2014

	<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>

	<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>

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Three months ended August 31, 2014

	3 months ended August 31, 2014	3 months ended August 31, 2013
	\$	\$
Cash flows from operating activities		
Net profit for the period	34,176,702	19,058,840
Adjustments for:		
Depreciation	2,692,999	2,557,407
	36,869,701	21,616,247
Changes in non- cash working capital balances (Increase)/decrease		
Inventories	(461,948)	(14,736,311)
Accounts receivable	(5,681,817)	(5,918,900)
Tax recoverable	4,816	-
Increase/(decrease)		
Payables	8,961,572	(7,123,124)
Taxation payable	-	(52,963)
Current portion of long term borrowings	1,026,592	169,482
Net cash provided/ (used) by operating activities	40,718,916	(6,045,569)
Cash flows from investing activity		
Acquisition of property, plant and equipment	(1,117,829)	(6,307,970)
Net cash used in investing activity	(1,117,829)	(6,307,970)
Cash flows from financing activities		
Loan repayments	(5,026,325)	(6,264,185)
Net cash used by financing activities	(5,026,325)	(6,264,185)
Net increase / (decrease) in cash and cash equivalents	34,574,762	(18,617,724)
Cash and cash equivalents at beginning of the period	61,236,872	63,786,081
Cash and cash equivalents at end of period	95,811,634	45,168,357
Represented by:		
Cash and cash equivalents	90,271,245	41,700,671
Investments	5,540,389	3,467,686
Net cash and cash equivalents at end of period	95,811,634	45,168,357

Paramount Trading (Jamaica) Limited

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, 2014, 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, 2014.

(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, 2014

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, 2014

6. SHARE CAPITAL

	<u>2014</u>	<u>2013</u>
Authorised:		
162,000,000 (13,500,000x12) Ordinary shares of no par value		
<u>Issued and fully paid</u>		
152,246,708 shares	<u>77,492,243</u>	<u>77,492,243</u>



TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
OFFICERS
AUGUST 31, 2014

Top 10 Stockholders

	Number of Shares Held
Hugh Graham	123,396,684
Radcliff Knibbs	3,879,788
Mayberry West Indies Limited	2,980,466
Banboo Group Holdings Limited	2,346,624
Libnah Graham	2,282,000
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

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	3,879,788
James Lechler	1,003,475
Richard Rogers	42,012
Vaughn Phang	1,275,000
Marlene Vanriel	50,000
Judith Maragh	29,591