



PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

2nd QUARTER ENDED NOVEMBER 30, 2014



Paramount Trading (Jamaica) Limited
Report to Stockholders
Six months ended November 30, 2014

The Board of Directors is pleased to present the unaudited results of the Company for the six months ended November 30, 2014.

The six month period ending November 30, 2014 showed an increase in sales revenue of 30% moving from \$331.9 million to \$431.5 million.

The company's sales in the second quarter (2014: \$227.9 million; 2013: \$162.4 million) were higher by \$ 65.5 million or 40 %. Revenue from all business lines reflected growth and this was buoyed by increased marketing efforts and the implementation of sales initiatives. Industrial Chemical sales recorded the largest growth and increased by 39% during this quarter.

Year over year, operating expenses as a percentage of total revenue improved for the six months period and was 15 % compared to 19%.

Net profit increased by 137% moving from \$35.2 million in the previous year to \$83.4 mil as the overall profitability of the core business segments continue to improve along with operational efficiencies.

Earnings per stock unit also improved from 23 cents in the previous year's comparative period to 54cents and an interim dividend of \$0.151 per share was declared during the quarter.

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

Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income

Second quarter ended November 30, 2014

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income

Second quarter ended November 30, 2014

	Notes	Unaudited 3 months ended November 30, 2014	Unaudited 3 months ended November 30, 2013	Unaudited 6 months ended November 30 2014	Unaudited 6 months ended November 30, 2013	Audited 12 months ended May 31, 2014
		\$	\$			\$
Revenue		227,952,498	162,487,101	431,569,725	331,939,744	709,036,860
Direct expenses		146,858,521	111,475,488	286,778,551	227,781,481	479,690,179
Gross profit		81,093,977	51,011,613	144,791,174	104,158,263	229,346,681
Other operating income		3,415,044	3,659,318	6,413,442	7,561,627	10,626,037
		84,509,021	54,670,931	151,204,616	111,719,890	239,972,718
Less operating expenses:						
Administrative expenses		33,167,841	28,220,997	63,494,656	62,400,018	120,446,374
Selling & distribution		353,957	2,592,273	772,083	3,464,030	5,185,978
		33,521,798	30,813,270	64,266,739	65,864,048	125,632,352
Operating profit before finance costs and taxation		50,987,223	23,857,661	86,937,877	45,855,842	114,340,366
Finance costs		1,743,036	4,759,318	3,521,765	10,608,383	21,378,412
Profit before taxation		49,244,187	19,098,343	83,416,112	35,247,459	92,961,954
Taxation	4	-	-	-	-	425,259
Net profit, being total comprehensive income for the period/year		49,244,187	19,098,343	83,416,112	35,247,459	93,387,213
Earnings per stock unit	5	0.32¢	0.12¢	0.54¢	0.23¢	0.61¢

Paramount Trading (Jamaica) Limited

Statement of Financial Position November 30, 2014

	<u>Note</u>	<u>Unaudited</u> <u>November 30,</u> <u>2014</u> \$	<u>Unaudited</u> <u>November 30,</u> <u>2013</u> \$	<u>Audited</u> <u>May 31, 2014</u> \$
Non-current assets:				
Property, plant and equipment		90,486,909	85,179,507	88,892,017
Investments		-	3,487,922	5,487,025
Current assets:				
Inventories		274,842,367	229,095,296	202,586,187
Tax recoverable		273,642	-	185,150
Receivables		171,884,058	130,839,252	172,087,556
Cash and cash equivalents		64,895,280	37,552,525	55,749,847
		511,895,347	397,487,073	430,608,740
Current liabilities				
Payables		135,825,244	107,108,668	127,627,246
Dividend payable		23,291,253	20,823,306	-
Taxation payable		-	12,075,471	-
Current portion of director's loan		3,307,089	2,436,196	3,115,528
Current portion of long term borrowings		8,820,995	14,276,030	13,487,376
		171,244,581	156,719,671	144,230,150
Net current assets		340,650,766	240,767,402	286,378,590
Total assets less current liabilities		431,137,675	329,434,831	380,757,632

Equity:

Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		327,791,531	209,526,918	267,666,672
		405,283,774	287,019,161	345,158,915

Non-current liabilities:

Director's loan		6,641,027	10,287,932	8,343,816
Long term borrowings		19,212,874	32,127,738	27,254,901
		25,853,901	42,415,670	35,598,717
Total Equity and non-current liabilities		431,137,675	329,434,831	380,757,632

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, 2014

	<u>Note</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		-	35,247,459	35,247,459
Dividends			(20,823,306)	(20,823,306)
Balances at November 30, 2013		77,492,243	209,526,918	287,019,161

		<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	7		(23,291,253)	(23,291,253)
Balances at November 30, 2014		77,492,243	327,791,531	405,283,774

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Six months ended November 30, 2014

	6 months ended November 30, 2014	6 months ended November 30, 2013
	\$	\$
Cash flows from operating activities		
Net profit for the period	83,416,112	35,247,459
Adjustments for:		
Depreciation	5,420,131	5,114,812
Gain on disposal of fixed assets	(215,000)	-
	88,621,243	40,362,271
Changes in non- cash working capital balances		
(Increase)/decrease		
Inventories	(72,256,180)	(56,645,048)
Tax recoverable	(88,492)	-
Accounts receivable	203,498	15,399,208
Increase/(decrease)		
Payables	8,197,998	(3,144,577)
Taxation payable	-	(83,592)
Current portion of director's loan	191,561	-
Current portion of long term borrowings	(4,666,381)	(4,253,049)
Net cash (used)/provided by operating activities	20,203,247	(8,364,787)

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

Director's loans

Loan repayments

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

215,000	-
(7,015,023)	(6,943,463)
(6,800,023)	(6,943,463)
(1,702,789)	-
(8,042,027)	(7,437,384)
(9,744,816)	(7,437,384)
3,658,408	(22,745,634)
61,236,872	63,786,081
64,895,280	41,040,447
64,895,280	37,552,525
-	3,487,922
64,895,280	41,040,447

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements

Second quarter ended November 30, 2014

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

Second quarter ended November 30, 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

Second quarter ended November 30, 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>		
154,246,708 shares	77,492,243	77,492,243

7. DIVIDENDS

On October 15, 2014, The Board of Directors approved a dividend of 15.1¢ per share to be paid on December 12, 2014.



**TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
OFFICERS
NOVEMBER 30, 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	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	1,300,000
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	1,300,000
Marlene Vanriel	nil
Judith Maragh	29,591