

**PARAMOUNT
CHEMICALS**

PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

3rd QUARTER ENDED FEBRUARY 28, 2015



**Paramount Trading (Jamaica) Limited
Report to Stockholders
Nine months ended February 28, 2015**

We are pleased to present the unaudited results of the Company for the nine months ended February 28, 2015

The quarter ending February 28, 2015 continues to reflect strong performance as sales increased by \$ 27.9 million or 15% over the prior year period while profits increased for that period by 82% and moved from \$14.5 million to \$26.4 million.

Continued focus on revenue growth and improvement in operational efficiencies contributed to the results.

Administrative expenses as % of revenue improved to 17% compared to 19% in the prior year period as they were controlled at 2% increase over last year.

Sales for the nine month period were \$640 million versus \$513 million over the corresponding period last year reflecting an increase of \$127 million or 25%.

Net profit for the nine month period increased by 121% and was \$109.8 million compared to \$49.8 million in the prior year period.

Earnings per share showed significant improvement and moved from \$0.32 per share in the prior year period to \$0.71 per share.

The company's commitment to strong corporate governance standards was recently recognised through an award from the Jamaica Stock Exchange. In December 2014, Paramount received the First Runner up Award for Best Practices Corporate Disclosure and Investor Relations.

The company continues to focus strategically on maximising its core business while actively exploring opportunities for adjacent business growth and relationships through key partners and key supply arrangements.

We continue to express our gratitude 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 "Raf", is written over a horizontal dotted line.

Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income Third quarter ended February 28, 2015

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income Third quarter ended February 28, 2015

<u>Notes</u>	<u>Unaudited 3 months ended February 28, 2015</u>	<u>Unaudited 3 months ended February 28, 2014</u>	<u>Unaudited 9 months ended February 28 2015</u>	<u>Unaudited 9 months ended February 28, 2014</u>	<u>Audited 12 months ended May 31, 2014</u>
	\$	\$			\$
Revenue	208,690,496	180,772,831	640,260,221	512,712,575	709,036,860
Direct expenses	146,436,951	121,288,758	433,215,502	349,041,946	479,690,179
Gross profit	62,253,545	59,484,073	207,044,719	163,670,629	229,346,681
Other operating income	4,083,767	253,585	10,497,208	7,820,251	10,626,037
	66,337,312	59,737,658	217,541,927	171,490,880	239,972,718
Less operating expenses:					
Administrative expenses	35,677,211	34,971,354	99,171,867	97,335,764	120,446,374
Selling & distribution	2,124,256	1,869,898	2,896,339	5,393,828	5,185,978
	37,801,467	36,841,242	102,068,206	102,729,592	125,632,352
Operating profit before finance costs and taxation	28,535,845	22,896,406	115,473,721	68,761,288	114,340,366
Finance costs	2,111,820	8,344,421	5,633,584	18,961,844	21,378,412
Profit before taxation	26,424,025	14,551,985	109,840,137	49,799,444	92,961,954
Taxation	4	-	-	-	425,259
Net profit, being total comprehensive income for the period/year	26,424,025	14,551,985	109,840,137	49,799,444	93,387,213
Earnings per stock unit	5	0.17¢	0.09¢	0.71¢	0.32¢
		0.61¢			

Paramount Trading (Jamaica) Limited


Statement of Financial Position February 28, 2015

<u>Note</u>	<u>Unaudited</u> <u>February 28,</u> <u>2015</u> \$	<u>Unaudited</u> <u>February 28,</u> <u>2014</u> \$	<u>Audited</u> <u>May 31, 2014</u> \$
Non-current assets:			
Property, plant and equipment	92,535,757	85,241,344	88,892,017
Investments	-	5,466,484	5,487,025
Current assets:			
Inventories	275,154,921	216,356,223	202,586,187
Tax recoverable	292,605	-	185,150
Receivables	151,474,589	138,914,873	172,087,556
Cash and cash equivalents	79,147,474	59,136,144	55,749,847
	506,069,589	414,407,240	430,608,740
Current liabilities			
Payables	127,240,481	136,472,288	127,627,246
Taxation payable	-	12,009,570	-
Current portion of director's loan	3,673,298	2,856,631	3,115,528
Current portion of long term borrowings	9,676,237	14,668,492	13,487,376
	140,590,016	166,006,981	144,230,150
Net current assets	365,479,573	248,400,259	286,378,590
Total assets less current liabilities	458,015,330	339,108,087	380,757,632

Equity:				
Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		354,215,556	224,078,903	267,666,672
		431,707,799	301,571,146	345,158,915
Non-current liabilities:				
Director's loan		5,750,690	9,117,497	8,343,816
Long term borrowings		20,556,841	28,419,444	27,254,901
		26,307,531	37,536,941	35,598,717
Total Equity and non-current liabilities		458,015,330	339,108,087	380,757,632

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, 2015

	<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	-	49,799,444	49,799,444
Dividends	-	(20,823,306)	(20,823,306)
Balances at February 28, 2014	<u>77,492,243</u>	<u>224,078,903</u>	<u>301,571,146</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	-	109,840,137	109,840,137
Dividends	-	(23,291,253)	(23,291,253)
Balances at February 28, 2015	<u>77,492,243</u>	<u>354,215,556</u>	<u>431,707,799</u>

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Nine months ended February 28, 2015

	9 months ended February 28, 2015	9months ended February 28, 2014
	\$	\$
Cash flows from operating activities		
Net profit for the period	109,840,137	49,799,444
Adjustments for:		
Depreciation	8,309,973	7,144,418
Gain on sale of property, plant and equipment	(215,000)	(267,554)
	117,935,110	56,676,308
Changes in non- cash working capital balances (Increase)/decrease		
Inventories	(72,568,735)	(43,905,975)
Accounts receivable	20,612,967	7,323,587
Tax recoverable	(107,455)	-
Increase/(decrease)		
Payables	(386,764)	26,219,043
Taxation payable	-	(149,493)
Current portion of long term borrowings	(3,253,369)	(3,440,153)
Net cash provided by operating activities	62,231,754	42,723,317
Cash flows from investing activity		
Acquisition of property, plant and equipment	(11,953,713)	(11,126,959)
Proceeds from disposal of property, plant and equipment	215,000	2,359,608
Net cash used in investing activity	(11,738,713)	(8,767,351)
Cash flows from financing activities		
Loan repayments	(9,281,186)	(12,316,113)
Dividends paid	(23,291,253)	(20,823,306)
Net cash (used)/provided by financing activities	(32,582,439)	(33,139,419)
Net increase in cash and cash equivalents	17,910,602	816,547
Cash and cash equivalents at beginning of the period	61,236,872	63,786,081
Cash and cash equivalents at end of period	79,147,474	64,602,628
Represented by:		
Cash and cash equivalents	79,147,474	59,136,144
Investments	-	5,466,484
Net cash and cash equivalents at end of period	79,147,474	64,602,628

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements Third quarter ended February 28, 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, 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 Third quarter ended February 28, 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
Third quarter ended February 28, 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 15, 2014, The Board of Directors approved a dividend of 15.1¢ per share which was paid on December 12, 2014.



**TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
MANAGERS
FEBRUARY 28, 2015**

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	2,109,325
Jean Louis Graham	1,730,000
Konrad Limited	1,480,778
Vaughn Phang	1,300,000
James Lechler	1,003,475

Directors and Senior Managers

	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	nil