



**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

3<sup>rd</sup> QUARTER ENDED FEBRUARY 29, 2016



**Paramount Trading (Jamaica) Limited  
Report to Stockholders  
Nine months ended February 29, 2016**

We are pleased to present the unaudited results of the Company for the nine months ended February 29, 2016.

The quarter ending February 29, 2016 continues to reflect strong performance as sales increased by \$ 48 million or 23% over the prior year period while profits increased for that period by 57.4% and moved from \$26.4 million to \$41.6 million.

Continued focus on revenue growth and improvement in operational efficiencies contributed to the results. During the quarter the company earned income of \$12.4 million from a short term project.

Sales for the nine-month period were \$753million versus \$640 million over the corresponding period last year reflecting an increase of \$113million or 17.6%.

Net profit for the nine month period increased by 19% and was \$130.7 million compared to \$109.8 million in the prior year period.

Earnings per share showed improvement and moved from \$0.71 per share in the prior year period to \$0.85 per share.

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 "R. A.", is written over a horizontal dotted line.

**Paramount Trading (Jamaica) Limited**

**Statement of Comprehensive Income**  
**Third quarter ended February 29, 2016**

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# Paramount Trading (Jamaica) Limited

## Statement of Comprehensive Income Third quarter ended February 29, 2016

<u>Notes</u>	<u>Unaudited 3 months ended February 29, 2016</u>	<u>Unaudited 3 months ended February 28, 2015</u>	<u>Unaudited 9 months ended February 29 2016</u>	<u>Unaudited 9 months ended February 28, 2015</u>	<u>Audited 12 months ended May 31, 2015</u>
	\$	\$			\$
<b>Revenue</b>	256,645,852	208,690,496	752,864,181	640,260,221	869,455,432
Direct expenses	175,313,778	146,436,951	503,326,269	433,215,502	589,666,773
<b>Gross profit</b>	81,332,074	62,253,545	249,537,912	207,044,719	279,788,659
Other operating income	14,371,701	3,678,651	19,925,292	9,392,892	16,366,240
	95,703,775	65,932,196	269,463,204	216,437,611	296,154,899
<b>Less operating expenses:</b>					
Administrative expenses	46,825,962	35,677,211	128,135,733	99,171,867	138,464,287
Selling & distribution	5,839,855	2,124,256	7,688,915	2,896,339	6,384,999
	52,665,817	37,801,467	135,824,648	102,068,206	144,849,286
<b>Operating profit before finance costs</b>	43,037,958	28,130,729	133,638,556	114,369,405	151,305,613
Finance income	426,065	*402,551	1,395,261	*1,096,486	1,585,400
Finance costs	(1,862,405)	(2,109,255)	(4,339,450)	(5,625,754)	(6,867,690)
<b>Net finance costs</b>	(1,436,340)	(1,706,704)	(2,944,189)	(4,529,268)	(5,282,290)
<b>Net profit, being total comprehensive income for the period/year</b>	41,601,618	26,424,025	130,694,367	109,840,137	146,023,323
<b>Earnings per stock unit</b>	0.27¢	0.17¢	0.85¢	0.71¢	0.95¢

\*Finance income reclassified from other operating income for comparative purposes.



# Paramount Trading (Jamaica) Limited

## Statement of Financial Position February 29, 2016

<u>Note</u>	<u>Unaudited February 29, 2016</u> \$	<u>Unaudited February 28, 2015</u> \$	<u>Audited May 31, 2015</u> \$
<b>Non-current assets:</b>			
Property, plant and equipment	110,595,707	92,535,757	93,584,263
Investments	54,524,329	-	51,862,246
<b>Current assets:</b>			
Inventories	238,444,688	275,154,921	278,353,618
Tax recoverable	377,076	292,605	333,080
Receivables	240,793,441	151,474,589	147,320,111
Cash and cash equivalents	71,133,727	79,147,474	43,061,392
	550,748,932	506,069,589	469,068,201
<b>Current liabilities</b>			
Payables	151,132,301	127,240,481	110,395,637
Current portion of director's loan	3,839,428	3,673,298	3,510,542
Current portion of long term borrowings	8,239,031	9,676,237	9,582,329
	163,210,760	140,590,016	123,488,508
<b>Net current assets</b>	387,538,172	365,479,573	345,579,693
<b>Total assets less current liabilities</b>	552,658,208	458,015,330	491,026,202

<b>Equity:</b>			
Issued capital	6	77,492,243	77,492,243
Retained earnings		460,936,893	390,398,742
		538,429,136	467,890,985
<b>Non-current liabilities:</b>			
Director's loan		1,911,262	5,750,690
Long term borrowings		12,317,810	20,556,841
		14,229,072	26,307,531
<b>Total Equity and non-current liabilities</b>		552,658,208	491,026,202

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 29, 2016

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	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balances at May 31, 2014</b>	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)
<b>Balances at February 28, 2015</b>	<u>77,492,243</u>	<u>354,215,556</u>	<u>431,707,799</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balances at May 31, 2015</b>	77,492,243	390,398,742	467,890,985
Total comprehensive income		130,694,367	130,694,367
Dividends	-	( 60,156,216)	( 60,156,216)
<b>Balances at February 29, 2016</b>	<u>77,492,243</u>	<u>460,936,893</u>	<u>538,429,136</u>



## Paramount Trading (Jamaica) Limited

### Statement of Cash Flows

Nine months ended February 29, 2016

	<b>9 months ended February 29, 2016</b>	<b>9 months ended February 28, 2015</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Net profit for the period	130,694,367	109,840,137
<b>Adjustments for:</b>		
Depreciation	7,702,783	8,309,973
Gain on sale of property, plant and equipment	( 900,000)	( 215,000)
	137,497,150	117,935,110
<b>Changes in non- cash working capital balances (Increase)/decrease</b>		
Inventories	39,908,930	(72,568,735)
Accounts receivable	(93,473,330)	20,612,967
Tax recoverable	( 43,996)	(107,455)
<b>Increase/(decrease)</b>		
Payables	40,736,664	(386,764)
Current portion of long term borrowings	(1,014,412)	(3,253,369)
Net cash provided by operating activities	123,611,006	62,231,754
<b>Cash flows from investing activity</b>		
Acquisition of property, plant and equipment	(24,714,227)	(11,953,713)
Proceeds from disposal of property, plant and equipment	900,000	215,000
Net cash used in investing activity	(23,814,227)	( 11,738,713)
<b>Cash flows from financing activities</b>		
Loan repayments	(8,906,145)	(9,281,186)
Dividends paid	(60,156,216)	(23,291,253)
Net cash (used)/provided by financing activities	(69,062,361)	(32,582,439)
<b>Net increase in cash and cash equivalents</b>	30,734,418	17,910,602
Cash and cash equivalents at beginning of the period	94,923,638	61,236,872
<b>Cash and cash equivalents at end of period</b>	125,658,056	79,147,474
<b>Represented by:</b>		
Cash and cash equivalents	71,133,727	79,147,474
Investments	54,524,329	-
Net cash and cash equivalents at end of period	125,658,056	79,147,474

# Paramount Trading (Jamaica) Limited

## Notes to interim Financial Statements

**Third quarter ended February 29, 2016**

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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.

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, 2015, 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, 2015.

#### (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 29, 2016

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## 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 29, 2016

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### 6. SHARE CAPITAL

	<u>2016</u>	<u>2015</u>
<b>Authorised:</b>		
162,000,000 (13,500,000x12)		
Ordinary shares of no par value		
<b><u>Issued and fully paid</u></b>		
<b>152,246,708 shares</b>	<u>77,492,243</u>	<u>77,492,243</u>

### 7. DIVIDENDS

On October 29, 2015, The Board of Directors approved a dividend of 39¢ per share. This was paid to shareholders on November 23, 2015.



**TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR  
MANAGERS  
FEBRUARY 29, 2016**

**Top 10 Stockholders**

Hugh Graham  
Radcliff Knibbs  
Libnah Graham  
Jean Louis Graham  
Vaughn Phang  
Ursus Corporation Limited  
James Lechler  
Audrey M. Johnson  
Jason Carl Swaby  
G.L. Enterprises Limited

**Number of Shares Held**

123,396,684  
14,479,724  
2,282,000  
1,730,000  
1,300,000  
1,204,117  
1,003,475  
864,000  
649,874  
492,000

**Directors and Senior Managers**

Hugh Graham  
Jukie Chin  
Sharon Donaldson  
Daryl Fong Kong  
Radcliff Knibbs  
James Lechler  
Richard Rogers  
Vaughn Phang  
Marlene Vanriel  
Judith Maragh

**Number of Shares Held**

123,396,684  
42,000  
141,000  
42,012  
14,479,724  
1,003,475  
42,012  
1,300,000  
nil  
nil