



# PARAMOUNT Jamaica



Chemicals •  
Food • Industrial



Construction •  
SIKA Products



Transportation •  
Haulage • Trucking



Engineering •  
Chemical • Cleaning



Lubricants •  
Fluids • Oils

## PARAMOUNT TRADING (JAMAICA) LIMITED

### UNAUDITED FINANCIAL STATEMENTS

2<sup>nd</sup> QUARTER ENDED NOVEMBER 30, 2016



## Paramount Trading (Jamaica) Limited

### Report to Stockholders Six months ended November 30, 2016

The Board of Directors is pleased to present the unaudited results of the Company for the six months ended November 30, 2016.

Despite a competitive environment, the Company's revenue continues to reflect relatively strong growth. Sales for the six-month period were \$539.1 million versus \$496.2 million in the corresponding period last year reflecting an increase of \$42.9 million or 8.6%. The company's sales in the second quarter were \$286.4 million up from \$258.5 million representing an increase of \$27.9 mil or 10.8%.

Our construction and petroleum oils business lines produced strong sales performance during this quarter when compared to last year growing by 62% and 28% respectively and we expect this trend to continue.

Net profit for the 6 months amounted to \$51.6 million which represented 58% of the profit to date last year of \$89.1 million. A slight decline in gross profit margin resulting from increased input costs arising from the devaluation of the Jamaican dollar contributed to this performance. Additionally, increased salary costs, depreciation charges and costs related to business development activities in line with our strategic objectives contributed to the decline in net profit.

Non-current assets grew by \$50.9 million as the company continued to build capacity for business expansion.

During this quarter the Board of Directors passed a resolution to subdivide the company's ordinary stock in a 10:1 split. This was intended to facilitate greater trading in the company's stock.

The outlook for the rest of the year is positive as we look to finalise a number of opportunities which are in the pipeline.

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

# Paramount Trading (Jamaica) Limited

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Second quarter ended November 30, 2016

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# Paramount Trading (Jamaica) Limited

## Statement of Comprehensive Income Second quarter ended November 30, 2016

<u>Notes</u>	<u>Unaudited 3 months ended November 30, 2016</u>	<u>Unaudited 3 months ended November 30, 2015</u>	<u>Unaudited 6 months ended November 30 2016</u>	<u>Unaudited 6 months ended November 30, 2015</u>	<u>Audited 12 months ended May 31, 2016</u>	
	\$	\$			\$	
<b>Revenue</b>	286,386,885	258,502,019	539,126,241	496,218,330	1,024,351,766	
Direct expenses	200,328,741	171,200,351	370,409,926	328,012,492	688,557,566	
<b>Gross profit</b>	86,058,144	87,301,668	168,716,315	168,205,838	335,794,200	
Other operating income	5,738,238	2,172,237	8,456,175	5,553,591	38,821,358	
	91,796,382	89,473,905	177,172,490	173,759,429	374,615,558	
<b>Less operating expenses:</b>						
Administrative expenses	49,556,913	41,257,351	114,046,654	81,843,746	180,968,801	
Selling & distribution	1,505,244	1,004,011	5,247,763	1,315,086	12,842,557	
	51,062,157	42,261,362	119,924,417	83,158,832	193,811,358	
<b>Operating profit before finance costs</b>	40,734,225	47,212,543	57,878,073	90,600,597	180,804,200	
Finance income	352,925	432,255	646,622	969,197	1,722,647	
Finance costs	(4,392,036)	(1,159,552)	(6,882,139)	(2,477,045)	(9,483,834)	
Net finance costs	(4,066,111)	(727,297)	(6,235,517)	(1,507,849)	(7,761,187)	
<b>Net profit, being total comprehensive income for the period/year</b>	36,668,114	46,485,246	51,642,556	89,092,749	173,043,013	
<b>Earnings per stock unit</b>	5	0.02¢	0.03¢	0.03¢	0.06¢	0.11¢*

\* Restated to reflect the stock split



# Paramount Trading (Jamaica) Limited

## Statement of Financial Position November 30, 2016

<u>Note</u>	<u>Unaudited November 30, 2016</u> \$	<u>Unaudited November 30, 2015</u> \$	<u>Audited May 31, 2016</u> \$
<b>Non-current assets:</b>			
Property, plant and equipment	170,148,215	92,765,980	126,571,503
Investments	57,991,822	53,701,476	57,474,298
<b>Current assets:</b>			
Inventories	319,635,179	225,080,195	336,321,271
Tax recoverable	948,000	377,076	852,171
Receivables	237,893,878	201,267,220	257,550,343
Cash and cash equivalents	28,968,002	93,215,117	80,920,662
	<b>587,445,059</b>	<b>519,939,608</b>	<b>675,644,447</b>
<b>Current liabilities</b>			
Payables	169,256,343	139,881,835	260,600,624
Current portion of director's loan	-	3,726,511	-
Current portion of long term borrowings	6,603,884	9,081,056	7,630,027
	<b>175,860,227</b>	<b>152,689,402</b>	<b>268,230,651</b>
<b>Net current assets</b>	<b>411,584,832</b>	<b>367,250,206</b>	<b>407,413,796</b>
<b>Total assets less current liabilities</b>	<b>639,724,869</b>	<b>513,717,662</b>	<b>591,459,597</b>
<b>Equity:</b>			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	554,928,095	419,335,275	503,285,539
	<b>632,420,338</b>	<b>496,827,518</b>	<b>580,777,782</b>
<b>Non-current liabilities:</b>			
Director's loan	-	2,914,516	-
Long term borrowings	7,304,531	13,975,628	10,681,815
	<b>7,304,531</b>	<b>16,890,144</b>	<b>10,681,815</b>
<b>Total Equity and non-current liabilities</b>	<b>639,724,869</b>	<b>513,717,662</b>	<b>591,459,597</b>

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, 2016

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	<u>Note</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		-	89,092,749	89,092,749
Dividends			(60,156,216)	(60,156,216)
<b>Balances at November 30, 2015</b>		<u>77,492,243</u>	<u>419,335,275</u>	<u>496,827,518</u>

		<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balances at May 31, 2016</b>		77,492,243	503,285,539	580,777,782
Total comprehensive income		-	51,642,556	51,642,556
<b>Balances at November 30, 2016</b>		<u>77,492,243</u>	<u>554,928,095</u>	<u>632,420,338</u>

**Paramount Trading (Jamaica) Limited**  
**Statement of Cash Flows**  
**Six months ended November 30, 2016**

	<b>6 months ended November 30, 2016</b>	<b>6 months ended November 30, 2015</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Net profit for the period	51,642,556	89,092,749
<b>Adjustments for:</b>		
Depreciation	7,390,697	4,971,020
Interest expense	375,738	1,857,036
Interest income	(296,414)	*(664,430)
Gain on disposal of property, plant and equipment	(4,721,030)	(900,000)
Operating cash flows before changes in working capital	54,391,547	94,356,375
<b>Changes in operating assets and liabilities (increase)/decrease</b>		
Inventories	16,686,092	53,273,423
Accounts receivable	19,952,879	*(53,282,679)
Tax recoverable	( 95,829)	( 43,996)
Payables	(91,344,281)	29,486,198
Current portion of long term borrowings	( 1,026,142)	( 285,304)
	(55,827,281)	29,147,642
Cash generated from operations	(1,435,734)	123,504,017
Interest paid	( 375,738)	(1,857,036)
<b>Net cash(used)/provided by operating activities</b>	(1,811,472)	121,646,981
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(50,967,410)	(4,152,737)
Proceeds from disposal of property plant and equipment	4,721,030	900,000
<b>Net cash used in investing activities</b>	(46,246,380)	(3,252,737)
<b>Cash flows from financing activities</b>		
Dividends paid	-	(60,156,216)
Loan repayments	(3,377,284)	( 6,245,073)
<b>Net cash used by financing activities</b>	(3,377,284)	(66,401,289)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(51,435,136)	51,992,955
Cash and cash equivalents at beginning of the period	138,394,960	94,923,638
<b>Cash and cash equivalents at end of period</b>	86,959,824	146,916,593
<b>Represented by:</b>		
Cash and cash equivalents	28,968,002	93,215,117
Investments	57,991,822	53,701,476
Net cash and cash equivalents at end of period	86,959,824	146,916,593

\*Reclassified for comparative purposes



# Paramount Trading (Jamaica) Limited

## Notes to interim Financial Statements

**Second quarter ended November 30, 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, 2016, 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, 2016.

#### (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, 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. The weighted average number of shares for both periods and the last financial year reflects the 10:1 split in the number of shares up to November 14, 2016.

# Paramount Trading (Jamaica) Limited

## Notes to interim Financial Statements

Second quarter ended November 30, 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>		
1,542,467,080 (2015: 154,246,708) ordinary shares	77,492,243	77,492,243

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At the Annual General Meeting of Shareholders held on October 29, 2016, The Board of Directors unanimously passed a resolution for the subdivision of each ordinary stock unit into 10 stock units. This took effect on November 14, 2016.



**TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS**  
**NOVEMBER 30, 2016**

**Top 10 Stockholders**

Hugh Graham  
 Radcliff Knibbs  
 Libnah Graham  
 Jean Louis Graham  
 Vaughn Phang  
 Ursus Corporation Limited  
 James Lechler  
 Jason Carl Carby  
 G. L. Enterprises Limited  
 Elmar Development Limited

**Number of Shares Held**

1,233,966,840  
 144,297,240  
 27,820,000  
 17,300,000  
 13,040,000  
 12,041,170  
 9,859,650  
 6,498,740  
 4,920,000  
 4,120,000

**Directors and Senior Officers**

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

**Number of Shares Held**

1,233,966,840  
 420,000  
 1,410,000  
 420,120  
 144,297,240  
 9,859,650  
 420,120  
 13,040,000