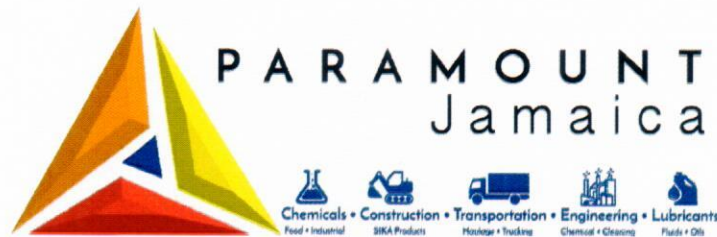




**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

3<sup>rd</sup> QUARTER ENDED FEBRUARY 28, 2017



**Paramount Trading (Jamaica) Limited**  
**Report to Stockholders**  
**Nine months ended February 28, 2017**

We are pleased to present the unaudited results of the Company for the nine months ended February 28, 2017.

The quarter ending February 28, 2017 continued to reflect strong performance as sales increased by \$ 40 million or 15.6% over the prior year period.

Gross profit increased from \$81.3 mil to \$87.8 mil. However, there was a small decline in the gross profit margin on account of price changes on some products distributed during the quarter.

Adjusting for other income of \$12.4 mil related to a short-term project in the third quarter last year, other income at \$2.1 mil remained flat.

Net profit amounted to \$29.5 mil down from \$ 41.6 mil in the third quarter last year. Although this was largely due to the non-recurrence of income earned from a short-term project in the previous year, there were also increased depreciation charges resulting from capital investments as well as increased staff costs.

Sales for the nine-month period were \$835.7million versus \$753 million over the corresponding period last year reflecting an increase of \$82.7million or 11%.

Net profit for the nine-month period was \$81.1 mil which represented 62% of the profit to date in the previous year of \$130.7 mil.

The outlook of the company continues to be positive.

We continue to express our gratitude for the strong commitment of our team, and the strong support of our customers and shareholders.

# **Paramount Trading (Jamaica) Limited**

## **Statement of Comprehensive Income**

**Third quarter ended February 28, 2017**

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# Paramount Trading (Jamaica) Limited

## Statement of Comprehensive Income

Third quarter ended February 28, 2017

	<u>Notes</u>	<u>Unaudited 3 months ended February 28, 2017</u>	<u>Unaudited 3 months ended February 29, 2016</u>	<u>Unaudited 9 months ended February 28 2017</u>	<u>Unaudited 9 months ended February 29, 2016</u>	<u>Audited 12 months ended May 31, 2016</u>
		\$	\$			\$
Revenue		296,623,915	256,645,852	835,750,156	752,864,181	1,024,351,766
Direct expenses		208,833,970	175,313,778	579,243,896	503,326,269	688,557,566
Gross profit		87,789,945	81,332,074	256,506,260	249,537,912	335,794,200
Other operating income		2,099,697	14,371,701	10,555,873	19,925,292	38,821,358
		89,889,642	95,703,775	267,062,133	269,463,204	374,615,558
Less operating expenses:						
Administrative expenses		57,650,107	46,825,962	171,696,761	128,135,733	180,968,801
Selling & distribution		1,719,307	5,839,855	6,967,070	7,688,915	12,842,557
		59,369,414	52,665,817	178,663,831	135,824,648	193,811,358
Operating profit before finance costs		30,520,228	43,037,958	88,398,302	133,638,556	180,804,200
Finance income		349,513	426,065	996,135	1,395,261	1,722,647
Finance costs		(1,399,932)	(1,862,405)	(8,282,072)	(4,339,450)	(9,483,834)
Net finance costs		(1,050,419)	(1,436,340)	(7,285,937)	(2,944,189)	(7,761,187)
Net profit, being total comprehensive income for the period/year		29,469,809	41,601,618	81,112,365	130,694,367	173,043,013
Earnings per stock unit	5	\$0.02	\$0.03	\$0.05	\$0.08	\$0.11*

\* Restated to reflect the stock split



# Paramount Trading (Jamaica) Limited

## Statement of Financial Position February 28, 2017

	<u>Note</u>	<u>Unaudited</u> <u>February 28,</u> <u>2017</u> \$	<u>Unaudited</u> <u>February 29,</u> <u>2016</u> \$	<u>Audited</u> <u>May 31, 2016</u> \$
<b>Non-current assets:</b>				
Property, plant and equipment		228,478,515	110,595,707	126,571,503
Investments		-	54,524,329	57,474,298
<b>Current assets:</b>				
Inventories		304,596,287	238,444,688	336,321,271
Tax recoverable		955,759	377,076	852,171
Receivables		248,405,789	240,793,441	257,550,343
Cash and cash equivalents		83,168,376	71,133,727	80,920,662
		637,126,211	550,748,932	675,644,447
<b>Current liabilities</b>				
Payables		155,395,539	151,132,301	260,600,624
Current portion of director's loan		-	3,839,428	-
Current portion of long term borrowings		9,699,470	8,239,031	7,630,027
		165,095,009	163,210,760	268,230,651
<b>Net current assets</b>		472,031,202	387,538,172	407,413,796
<b>Total assets less current liabilities</b>		700,509,717	552,658,208	591,459,597

### Equity:

Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		584,397,904	460,936,893	503,285,539
		661,890,147	538,429,136	580,777,782

### Non- current liabilities:

Director's loan		-	1,911,262	-
Long term borrowings		38,619,570	12,317,810	10,681,815
		38,619,570	14,229,072	10,681,815
<b>Total Equity and non-current liabilities</b>		700,509,717	552,658,208	591,459,597

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, 2017

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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, 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>	77,492,243	460,936,893	538,429,136

	<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	-	81,112,365	81,112,365
Dividends	-	-	-
<b>Balances at February 28, 2017</b>	77,492,243	584,397,904	661,890,147



# Paramount Trading (Jamaica) Limited

## Statement of Cash Flows

Nine months ended February 28, 2017

	<b>9 months ended February 28, 2017</b>	<b>9months ended February 29, 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net profit for the period	81,112,365	130,694,367
<b>Adjustments for:</b>		
Depreciation	13,319,950	7,702,783
Gain on sale of property, plant and equipment	( 4,721,030)	( 900,000)
Interest income	(856,765)	*(1,008,666)
Interest expense	1,877,548	*3,801,722
	90,732,068	140,290,206
<b>Changes in operating assets and liabilities</b>		
<b>(Increase)/decrease</b>		
Inventories	31,724,984	39,908,930
Accounts receivable	9,618,004	*(92,464,663)
Tax recoverable	( 103,588)	( 43,996)
Payables	(105,205,085)	40,736,664
Current portion of long term borrowings	2,069,443	(1,014,412)
	(61,896,242)	(12,877,477)
Cash generated from operations	28,835,826	127,412,729
Interest paid	(1,877,549)	(3,801,723)
Net cash provided by operating activities	26,958,277	123,611,006
<b>Cash flows from investing activity</b>		
Acquisition of property, plant and equipment	(115,226,962)	(24,714,227)
Proceeds from disposal of property, plant and equipment	4,721,030	900,000
Interest received	383,315	-
<b>Net cash used in investing activity</b>	<b>(110,122,617)</b>	<b>(23,814,227)</b>
<b>Cash flows from financing activities</b>		
Loan repayments	(8,880,340)	(8,906,145)
Loans received	36,818,096	-
Dividends paid	-	(60,156,216)
<b>Net cash provided/ (used) by financing activities</b>	<b>27,937,756</b>	<b>(69,062,361)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(55,226,584)</b>	<b>30,734,418</b>
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>	<b>83,168,376</b>	<b>125,658,056</b>
<b>Represented by:</b>		
Cash and cash equivalents	83,168,376	71,133,727
Investments	-	54,524,329
Net cash and cash equivalents at end of period	83,168,376	125,658,056

\*Reclassified for comparative purposes

# **Paramount Trading (Jamaica) Limited**

## **Notes to interim Financial Statements**

**Third quarter ended February 28, 2017**

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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 Third quarter ended February 28, 2017**

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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 Third quarter ended February 28, 2017

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### 6. SHARE CAPITAL

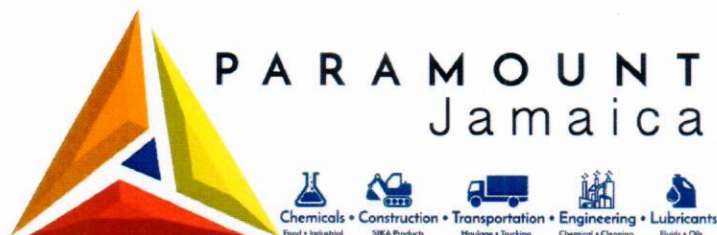
	<u>2017</u>	<u>2016</u>
<b>Authorised:</b>		
162,000,000 (13,500,000x12) Ordinary shares of no par value		
<b><u>Issued and fully paid</u></b>		
1,542,467,080 (2016: 154,246,708) ordinary shares	77,492,243	77,492,243

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### 7. DIVIDENDS

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 MANAGERS FEBRUARY 28, 2017

### Top 10 Stockholders

	Number of Shares Held
Hugh Graham	1,233,966,840
Radcliff Knibbs	144,797,240
Libnah Graham	27,820,000
Jean Louis Graham	17,300,000
Vaughn Phang	13,040,000
Ursus Corporation Limited	12,041,170
James Lechler (Joint holder Jacqueline Stewart-Lechler)	8,101,523
Jason Carl Swaby (Joint holders Candice Jamelle Carby & Carl Byron Carby)	6,498,740
G.L Enterprises Limited	4,920,000
Elmar Development Limited	4,120,000

### Directors and Senior Managers

	Number of Shares Held
Hugh Graham	1,233,966,840
Jukie Chin	420,000
Sharon Donaldson	1,410,000
Daryl Fong Kong	420,120
Radcliff Knibbs	144,797,240
James Lechler	8,101,523
Richard Rogers	420,120
Vaughn Phang	13,040,000