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**PARAMOUNT TRADING (JAMAICA) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**

1<sup>st</sup> QUARTER ENDED AUGUST 31, 2017



**Paramount Trading (Jamaica) Limited  
Report to Stockholders  
Three months ended August 31, 2017**

The Board of Directors is pleased to present the unaudited results of the Company for the three months ended August 31, 2017.

**The first quarter results reflected strong performance by the company.**

**Revenue increased by \$78.2 million (30.9%) moving to \$330.9 million up from \$252.7 million in the corresponding period last year.** This growth was largely due to the success of marketing efforts and sales initiatives employed during the quarter.

**Gross profit increased by 22.7% moving to \$101.4 million up from \$82.6 million** in the corresponding period in the previous year.

Operating expenses as a % of revenue showed improvement over the corresponding period in the previous year and moved from 27% to 19.8%. Although there were increased staff costs and depreciation expenses as the company continued to build its human resource and physical capacity as well as increased marketing and other related expenses, the growth in revenue outpaced the increase in operating expenses during the quarter.

**Net profit increased by \$18.9 million (126.4%) moving from \$15 million to \$33.9 million** which was mainly due to the sales growth during the quarter.

Paramount has an optimistic outlook for the rest of the year and is very excited by the opportunities that will be realised. The construction of the blending plant and laboratory in conjunction with Allegheny Petroleum is slated to be completed during the next quarter. We have also made progress in exploring other growth opportunities as well as improved efficiencies and service level improvements.

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 First quarter ended August 31, 2017

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# Paramount Trading (Jamaica) Limited

## Statement of Comprehensive Income First quarter ended August 31, 2017

	<u>Notes</u>	<b>Unaudited</b> <b>3 months ended</b> <b><u>August 31, 2017</u></b>	<b>Unaudited</b> <b>3 months ended</b> <b><u>August, 31 2016</u></b>	<b>Audited</b> <b>12 months ended</b> <b><u>May 31, 2017</u></b>
		\$	\$	\$
<b>Revenue</b>		330,889,882	252,739,356	1,155,871,702
Direct expenses		229,507,223	170,081,184	801,829,362
<b>Gross profit</b>		101,382,659	82,658,172	354,042,340
Other operating income		1,229,317	2,717,936	11,670,425
		102,611,976	85,376,108	365,712,765
<b>Less operating expenses:</b>				
Administrative expenses		62,729,599	44,164,743*	220,280,014
Selling & distribution		2,791,153	24,067,517*	34,788,739
		65,520,752	68,232,260	255,068,753
<b>Operating profit before finance costs</b>		37,091,224	17,143,848	110,644,012
Finance income		304,029	320,697	1,105,807
Finance costs		(3,491,889)	(2,490,103)	(10,747,259)
Net finance costs		(3,187,860)	(2,169,406)	(9,641,452)
<b>Net profit, being total comprehensive income for the period/year</b>		33,903,364	14,974,442	101,002,560
<b>Earnings per stock unit</b>	5	\$0.022	\$0.010	\$0.065

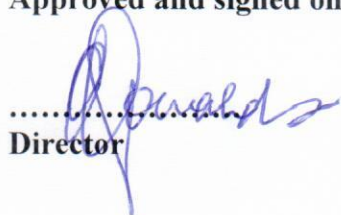
\*Reclassified for comparative purposes

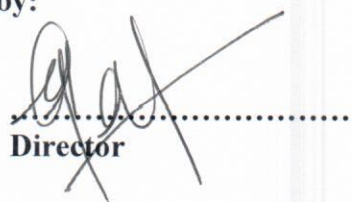


**Paramount Trading (Jamaica) Limited**  
**Statement of Financial Position**  
**August 31, 2017**

	<u>Note</u>	<u>Unaudited</u> <u>August 31, 2017</u>	<u>Unaudited</u> <u>August, 31, 2016</u>	<u>Audited</u> <u>May 31, 2017</u>
		\$	\$	\$
<b>Non-current assets:</b>				
Property, plant and equipment		237,148,489	151,712,055	239,971,127
Investments		58,685,730	58,425,649	58,905,511
<b>Current assets:</b>				
Inventories		338,422,613	336,951,653	367,058,842
Taxation recoverable		1,104,629	852,171	1,081,764
Receivables		282,938,044	229,011,608	304,621,787
Cash and cash equivalents		38,763,218	47,011,756	49,633,811
		661,228,504	613,827,188	722,396,204
<b>Current liabilities</b>				
Payables		185,710,055	212,206,522	280,781,174
Current portion of long term borrowings		12,883,647	6,992,796	12,595,751
		198,593,702	219,199,318	293,376,925
<b>Net current assets</b>		462,634,802	394,627,870	429,019,279
<b>Total assets less current liabilities</b>		758,469,021	604,765,574	727,895,917
<b>Equity:</b>				
Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		638,191,463	518,259,981	604,288,099
		715,683,706	595,752,224	681,780,342
<b>Non- current liabilities:</b>				
Director's loan		-	-	-
Long term borrowings		42,785,315	9,013,350	46,115,575
		42,785,315	9,013,350	46,115,575
<b>Total Equity and non-current liabilities</b>		758,469,021	604,765,574	727,895,917

Approved and signed on behalf of the Board by:

.....  
  
 Director

.....  
  
 Director

## Paramount Trading (Jamaica) Limited

### Statement of changes in Shareholders' Equity First quarter ended August 31, 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, 2016</b>	77,492,243	503,285,539	580,777,782
Total comprehensive income	-	14,974,442	14,974,442
<b>Balances at August 31, 2016</b>	<u>77,492,243</u>	<u>518,259,981</u>	<u>595,752,224</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Balances at May 31, 2017</b>	77,492,243	604,288,099	681,780,342
Total comprehensive income	-	33,903,364	33,903,364
<b>Balances at August 31, 2017</b>	<u>77,492,243</u>	<u>638,191,463</u>	<u>715,683,706</u>



# Paramount Trading (Jamaica) Limited

## Statement of Cash Flows

Three months ended August 31, 2017

	<b>3 months ended August 31, 2017</b>	<b>3 months ended August 31, 2016</b>
	\$	\$
<b>Cash flows from operating activities</b>		
Net profit for the period	33,903,364	14,974,442
<b>Adjustments for:</b>		
Depreciation	7,295,664	4,302,761
Interest expense	1,253,646	446,930
Interest income	(198,205)	(263,906)
Gain on disposal of property, plant and equipment	-	-
Operating cash flows before changes in working capital	42,254,469	19,460,229
<b>Changes in operating assets and liabilities</b>		
Inventories	28,636,229	( 630,382)
Accounts receivable	21,881,946	28,802,640
Tax recoverable	( 22,864)	-
Payables	(95,071,119)	(48,394,102)
Current portion of long term borrowings	287,896	( 637,231)
Interest paid	(1,253,646)	(446,930)
Net cash(used)/provided by operating activities	(3,287,089)	(1,845,776)
<b>Cash flows from investing activity</b>		
Acquisition of property, plant and equipment	(4,473,025)	(29,443,314)
Proceeds from disposal of property plant and equipment	-	-
Net cash used in investing activity	(4,473,025)	(29,443,314)
<b>Cash flows from financing activities</b>		
Loan repayments	(3,330,260)	(1,668,465)
Net cash used by financing activities	(3,330,260)	(1,668,465)
Net (decrease)/increase in cash and cash equivalents	(11,090,374)	(32,957,555)
Cash and cash equivalents at beginning of the period	108,539,322	138,394,960
Cash and cash equivalents at end of period	97,448,948	105,437,405
<b>Represented by:</b>		
Cash and cash equivalents	38,763,218	47,011,756
Investments	58,685,730	58,425,649
Net cash and cash equivalents at end of period	97,448,948	105,437,405

# Paramount Trading (Jamaica) Limited

## Notes to interim Financial Statements

First quarter ended August 31, 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, 2017, 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, 2017.

#### (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 First quarter ended August 31, 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.

# Paramount Trading (Jamaica) Limited

## Notes to interim Financial Statements First quarter ended August 31, 2017

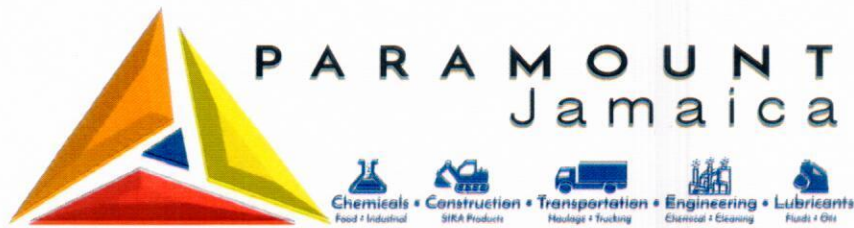
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### 6. SHARE CAPITAL

	<u>2017</u>	<u>2016</u>
<b>Authorised:</b>		
1,620,000,000 (162,000,000) Ordinary shares of no par value		
<b><u>Issued and fully paid</u></b>		
<b>1,542,467,080 (154,246,708) shares</b>	77,492,243	77,492,243

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**TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS  
AUGUST 31, 2017**

**Top 10 Stockholders**

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

**Number of Shares Held**

1,233,966,840  
 144,059,764  
 27,820,000  
 17,300,000  
 13,040,000  
 12,541,170  
 8,101,523  
 6,498,740  
 4,920,000  
 3,587,599

**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  
 144,059,764  
 8,101,523  
 420,120  
 13,040,000