



PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

2nd QUARTER ENDED NOVEMBER 30, 2017



Paramount Trading (Jamaica) Limited
Report to Stockholders
Six months ended November 30, 2017

The Board of Directors is pleased to present the unaudited results of the Company for the six months ended November 30, 2017.

The Company's revenue continue to reflect relatively strong growth in the last 6 months. Sales for the six-month period were **\$687.2m** versus **\$539.1m** in the corresponding period last year, reflecting an increase of **\$148.1m** or **27.5%**. The company's sales in the second quarter were **\$356.3m** up from **\$286.4m** in same period last year, representing an increase of **\$69.9m** or **24.4%**.

Our lubricants business line produced strong sales performance during this quarter when compared to last year growing by **\$28.9m** (or 261%) on quarterly basis and **\$41.6m** (or 248%) YTD. Technical Grade product sales grew by **\$47m** (or 137%) on quarterly basis and by **\$83m** (or 133%) Year on Year. We expect this trend to continue into the last 2 quarters.

Net profit for the 6 months amounted to **\$57.6m** which represented an increase of **11.6%** over the profit to date last year of **\$51.6m**. A slight decline in gross profit margin, as a result of adjustments to market conditions, as well as increased salary costs, depreciation charges and activities to support business development in line with our strategic objectives, contributed to the modest growth in net profit (**11.6%**) when compared to the growth in sales (**27.5%**).

Non-current assets grew by **\$33.2m** as the company continued to build capacity for business expansion.

The outlook for the rest of the financial year is positive as we look to revenue growth from the lubricant and bleach plants.

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

Paramount Trading (Jamaica) Limited

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income

Second quarter ended November 30, 2017

	<u>Notes</u>	<u>Unaudited 3 months ended November 30, 2017</u>	<u>Unaudited 3 months ended November 30, 2016</u>	<u>Unaudited 6 months ended November 30, 2017</u>	<u>Unaudited 6 months ended November 30, 2016</u>	<u>Audited 12 months ended May 31, 2017</u>
		\$	\$			\$
Revenue		356,288,602	286,386,885	687,178,485	539,126,241	1,155,871,702
Direct expenses		257,207,627	200,328,741	486,724,179	370,409,926	801,829,362
Gross profit		99,080,975	86,058,144	200,454,306	168,716,315	354,042,340
Other operating income		1,329,388	5,738,238	2,558,705	8,456,175	11,670,425
		100,410,363	91,796,382	203,013,011	177,172,490	365,712,765
Less operating expenses:						
Administrative expenses		72,915,837	49,556,913	135,636,108	114,046,654	220,280,014
Selling & distribution		5,993,359	1,505,244	8,784,512	5,247,763	34,788,739
		78,909,196	51,062,157	144,420,620	119,294,417	255,068,753
Operating profit before finance costs		21,501,167	40,734,225	58,592,391	57,878,073	110,644,012
Finance income		255,204	325,925	559,233	646,622	1,105,807
Finance costs	3	1,952,654	(4,392,036)	(1,539,235)	(6,882,139)	(10,747,259)
Net finance costs		2,207,858	(4,066,111)	(980,002)	(6,235,517)	(9,641,452)
Net profit, being total comprehensive income for the period/year		23,709,025	36,668,114	57,612,389	51,642,556	101,002,560
Earnings per stock unit	5	\$0.015	\$0.024	\$0.037	\$0.033	\$0.065

Paramount Trading (Jamaica) Limited

Statement of Financial Position

November 30, 2017

	<u>Note</u>	<u>Unaudited</u> <u>November 30,</u> <u>2017</u> \$	<u>Unaudited</u> <u>November 30,</u> <u>2016</u> \$	<u>Audited</u> <u>May 31, 2017</u> \$
Non-current assets:				
Property, plant and equipment		258,222,757	170,148,215	239,971,127
Investments		57,096,449	57,991,822	58,905,511
Current assets:				
Inventories		394,433,969	319,635,179	367,058,842
Tax recoverable		1,112,914	948,000	1,081,764
Receivables		321,275,132	237,893,878	304,621,787
Cash and cash equivalents		21,980,198	28,968,002	49,633,811
		738,802,213	587,445,059	722,396,204
Current liabilities				
Payables		237,481,735	169,256,343	280,781,174
Current portion of director's loan		-	-	-
Current portion of long term borrowings		15,530,383	6,603,884	12,595,751
		253,012,118	175,860,227	293,376,925
Net current assets		485,790,095	411,584,832	429,019,279
Total assets less current liabilities		801,109,301	639,724,869	727,895,917
Equity:				
Issued capital	6	77,492,243	77,492,243	77,492,243
Retained earnings		661,900,487	554,928,095	604,288,099
		739,392,730	632,420,338	681,780,342
Non- current liabilities:				
Long term borrowings		61,716,571	7,304,531	46,115,575
		61,716,571	7,304,531	46,115,575
Total Equity and non-current liabilities		801,109,301	639,724,869	727,895,917

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, 2017

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

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2017	77,492,243	604,288,099	681,780,342
Total comprehensive income	-	57,612,389	57,612,389
Balances at November 30, 2017	77,492,243	661,900,488	739,392,731

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Six months ended November 30, 2017

	6 months ended November 30, 2017	6 months ended November 30, 2016
	\$	\$
Cash flows from operating activities		
Net profit for the period	57,612,389	51,642,556
Adjustments for:		
Depreciation	14,911,842	7,390,697
Interest expense	3,014,177	375,738
Interest income	(394,860)	(296,414)
Gain on disposal of property, plant and equipment	0	(4,721,030)
Operating cash flows before changes in working capital	75,143,548	54,391,547
Changes in operating assets and liabilities (increase)/decrease		
Inventories	(27,375,127)	16,686,092
Accounts receivable	(16,706,314)	19,952,879
Tax recoverable	(31,150)	(95,829)
Payables	(43,299,439)	(91,344,281)
	(87,412,030)	(54,801,139)
Cash generated from operations	(12,268,482)	(409,592)
Interest paid	(3,014,177)	(375,738)
Net cash used in operating activities	(15,282,659)	(785,330)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(33,163,472)	(50,967,410)
Interest received	394,860	0
Proceeds from disposal of property plant and equipment	0	4,721,030
Net cash used in investing activities	(32,768,612)	(46,246,380)
Cash flows from financing activities		
Loan received	24,689,862	0
Loan repayments	(6,101,266)	(4,403,426)*
Net cash provided / (used) in financing activities	18,588,596	(4,403,426)
Net decrease in cash and cash equivalents	(29,462,675)	(51,435,136)
Cash and cash equivalents at beginning of the period	108,539,322	138,394,960
Cash and cash equivalents at end of period	79,076,647	86,959,824
Represented by:		
Cash and cash equivalents	21,980,198	28,968,002
Investments	57,096,449	57,991,822
Net cash and cash equivalents at end of period	79,076,647	86,959,824

*Reclassified for comparative purposes

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements

Second quarter ended November 30, 2017

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

Second quarter ended November 30, 2017

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.

(e) Finance Income and finance costs

Finance income and finance costs include, interest income, interest expense and foreign currency gain or loss on translation of financial assets and financial liabilities. (See note 7).

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

Second quarter ended November 30, 2017

6. SHARE CAPITAL

	<u>2017</u>	<u>2016</u>
Authorised:		
1,620,000,000		
Ordinary shares of no par value		
<u>Issued and fully paid</u>		
1,542,467,080 ordinary shares	77,492,243	77,492,243

7. FINANCE COSTS

During the quarter ended November 30, 2017, finance costs include foreign exchange gain of \$5,267k which resulted in a net positive balance of \$1,952k in the period.



TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
OFFICERS

NOVEMBER 30, 2017

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
Lannaman & Morris (Shipping) Ltd

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
4,203,000

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