



PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

3rd QUARTER ENDED FEBRUARY 28, 2018



**Paramount Trading (Jamaica) Limited
Report to Stockholders
Nine months ended February 28, 2018**

The Board of Directors is pleased to present the unaudited results of the Company for the nine months ended February 28, 2018.

The Company's revenue continue to reflect relatively strong growth in the last 9 months. Sales for the nine-month period were **\$1,035.3m** versus **\$835.8m** in the corresponding period in the previous year, reflecting an increase of **\$199.5m** or **23.9%**. The company's sales in the third quarter were **\$348.1m** up from **\$296.6m** in corresponding period last year, representing an increase of **\$51.5m** or **17.3%**.

Our lubricants business line produced strong sales performance during this quarter when compared to last year growing by **\$39.3m** (or 288%) on quarterly basis and **\$80.9m** (or 265%) YTD. Technical Grade product sales grew by **\$20.7m** (or 114%) on quarterly basis and by **\$109m** (or 127%) Year on Year. We expect this trend to continue into the last quarter.

Net profits for the 9 months amounted to **\$66.5m**, which represented **82%** of the profits made in the same period in the previous year. This decline in profits resulted from a reduction in Gross Profit margins in some business categories caused by increased competitiveness, as well as increases in staff costs, depreciation charges and other activities to support business development in line with our strategic objectives.

Non-current assets grew by **\$49.6m** as the company continue 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.

A handwritten signature in black ink, appearing to be "Raj", is written over a horizontal dotted line.

Paramount Trading (Jamaica) Limited

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income Third quarter ended February 28, 2018

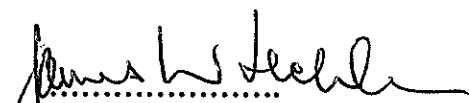
<u>Notes</u>	Unaudited 3 months ended February 28, 2018	Unaudited 3 months ended February 28, 2017	Unaudited 9 months ended February 28, 2018	Unaudited 9 months ended February 28, 2017	Audited 12 months ended May 31, 2017
	\$	\$			\$
Revenue	348,082,373	296,623,915	1,035,260,858	835,750,156	1,155,871,702
Direct expenses	248,099,163	208,886,646	734,823,342	579,399,630	801,829,362
Gross profit	99,983,210	87,737,269	300,437,516	256,350,526	354,042,340
Other operating income	1,642,337	2,099,697	4,201,042	10,555,873	11,670,425
	101,625,547	89,836,966	304,638,558	266,906,399	365,712,765
Less operating expenses:					
Administrative expenses	79,892,499	57,597,431	215,528,607	151,466,657	220,280,014
Selling & distribution	10,794,606	1,719,307	19,579,118	27,041,440	34,788,739
	90,687,105	59,316,738	235,107,725	178,508,097	255,068,753
Operating profit before finance costs	10,938,442	30,530,228	69,530,833	88,398,302	110,644,012
Finance income	1,350,061	1,209,107	6,268,587	(889,344)	1,105,807
Finance costs	(3,417,515)	(2,259,527)	(9,316,043)	(6,396,593)	(10,747,259)
Net finance costs	(2,067,454)	(1,050,420)	(3,047,456)	(7,285,937)	(9,641,452)
Net profit, being total comprehensive income for the period/year	8,870,988	29,469,808	66,483,377	81,112,365	101,002,560
Earnings per stock unit	\$0.006	\$0.019	\$0.043	\$0.053	\$0.065

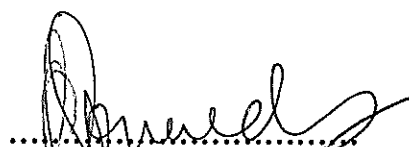
Paramount Trading (Jamaica) Limited

Statement of Financial Position February 28, 2018

<u>Note</u>	<u>Unaudited February 28, 2018</u> \$	<u>Unaudited February 28, 2017</u> \$	<u>Audited May 31, 2017</u> \$
Non-current assets:			
Property, plant and equipment	266,952,841	228,478,515	239,971,127
Investments	57,427,656	57,578,539	58,905,511
Current assets:			
Inventories	444,850,956	304,596,287	367,058,842
Tax recoverable	1,128,976	955,759	1,081,764
Receivables	339,459,505	248,405,789	304,621,787
Cash and cash equivalents	51,466,067	25,589,837	49,633,811
	836,905,504	579,547,672	722,396,204
Current liabilities			
Payables	339,287,165	155,395,539	280,781,174
Current portion of long term borrowings	14,593,830	9,699,470	12,595,751
	353,880,995	165,095,009	293,376,925
Net current assets	483,024,509	414,452,663	429,019,279
Total assets less current liabilities	807,405,006	700,509,717	727,895,917
Equity:			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	670,771,476	584,397,904	604,288,099
	748,263,719	661,890,147	681,780,342
Non-current liabilities:			
Long term borrowings	59,141,287	38,619,570	46,115,575
	59,141,287	38,619,570	46,115,575
Total Equity and non-current liabilities	807,405,006	700,509,717	727,895,917

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, 2018

	<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		-	81,112,365	81,112,365
Balances at February 28, 2017		<u>77,492,243</u>	<u>584,397,904</u>	<u>661,890,147</u>
		<u><u>Share Capital</u></u>	<u><u>Retained Earnings</u></u>	<u><u>Total</u></u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2017		77,492,243	604,288,099	681,780,342
Total comprehensive income		-	66,483,377	66,483,377
Balances at February 28, 2018		<u>77,492,243</u>	<u>670,771,476</u>	<u>748,263,719</u>

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Nine months ended February 28, 2018

	9 months ended February 28, 2018	9 months ended February 28, 2017
	\$	\$
Cash flows from operating activities		
Net profit for the period	66,483,377	81,112,365
Adjustments for:		
Depreciation	22,658,110	13,319,950
Interest expense	5,319,180	1,877,548
Interest income	(492,361)	(856,765)
Gain on disposal of property, plant and equipment	-	(4,721,030)
Operating cash flows before changes in working capital	93,968,306	90,732,068
Changes in operating assets and liabilities (increase)/decrease		
Inventories	(77,792,114)	31,724,984
Accounts receivable	(34,837,718)	9,618,004
Tax recoverable	(47,212)	(103,588)
Payables	58,505,991	(105,205,085)
	(54,171,053)	(63,965,685)
Cash generated from operations	39,797,253	26,766,383
Interest paid	(5,319,180)	(1,877,549)
Net cash provided by operating activities	34,478,073	24,888,834
Cash flows from investing activities		
Acquisition of property, plant and equipment	(49,639,824)	(115,226,962)
Interest received	492,361	383,315
Proceeds from disposal of property plant and equipment		4,721,030
Net cash used in investing activities	(49,147,463)	(110,122,617)
Cash flows from financing activities		
Loan received	25,364,862	36,818,096
Loan repayments	(10,341,071)	(6,810,897)
Net cash provided by financing activities	15,023,791	30,007,199
Net increase/(decrease) in cash and cash equivalents	354,401	(55,226,584)
Cash and cash equivalents at beginning of the period	108,539,322	138,394,960
Cash and cash equivalents at end of period	108,893,723	83,168,376
Represented by:		
Cash and cash equivalents	57,427,656	25,589,837
Investments	51,466,067	57,578,539
Net cash and cash equivalents at end of period	108,893,723	83,168,376

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements

Third quarter ended February 28, 2018

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 Third quarter ended February 28, 2018

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 28, 2018

6. SHARE CAPITAL

	<u>2018</u>	<u>2017</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



TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
OFFICERS
FEBRUARY 28, 2018

Top 10 Stockholders

	Number of Shares Held
Hugh Graham	1,233,966,840
Radcliff Knibbs	144,059,764
Libnah Graham	27,820,000
Jean Louis Graham	17,300,000
Vaughn Phang	13,040,000
Ursus Corporation Limited	12,541,170
James Lechler	8,101,523
Jason Carl Carby	6,498,740
G. L. Enterprises Limited	4,920,000
Lannaman & Morris (Shipping) Ltd	4,203,000

Directors and Senior Officers

	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	144,059,764
James Lechler	8,101,523
Richard Rogers	420,120
Vaughn Phang	13,040,000