



PARAMOUNT TRADING (JAMAICA) LIMITED

UNAUDITED FINANCIAL STATEMENTS

1st QUARTER ENDED AUGUST 31, 2018



**Paramount Trading (Jamaica) Limited
Report to Stockholders
Three months ended August 31, 2018**

The Board of Directors is pleased to present the unaudited results of the Company for the three months ended August 31, 2018.

The Company's revenue continues to reflect relatively strong growth in the first 3 months of the year. Sales for the three-month period were **\$372.2m** versus **\$330.9m** in the corresponding period in the previous year, reflecting an increase of **\$41.3m** or **12.5%**. This does not include additional inflows related to the new joint venture with Allegheny which is accounted for separately. The growth was due largely to growth in the Core Chemical business line (**\$43.5m** or **16.9%**).

During the quarter the company commenced accounting for the new joint venture blending operations with Allegheny and consequently its share of the profit from sales by the new venture, is reported separately in the Financial Statements. This amounted to **\$0.73m** for the quarter.

Although the Net Profit for the period amounted to a year over year reduction to **\$7.1m** Gross Profit increased by **20.9%** moving to **\$122.6m** up from **\$101.4m** in the corresponding period in the previous year.

Apart from additional necessary funding costs and depreciation expenses occasioned by strategic expansion in the core business and in adjacent business, the company also experienced significant currency devaluation impact. In fact, forex losses of **\$18.9m** alone absorbed more than 50 percent of the revenues.

With revenues trending appreciably in the right direction and expected run off of costs associated with necessary investment, Paramount has an optimistic outlook for the rest of the year

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

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

Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income First quarter ended August 31, 2018

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Paramount Trading (Jamaica) Limited

Statement of Comprehensive Income

First quarter ended August 31, 2018

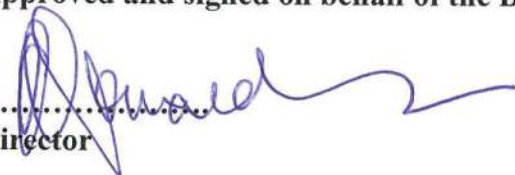
	<u>Notes</u>	Unaudited 3 Months ended <u>August 31, 2018</u>	Unaudited 3 Months ended <u>August, 31 2017</u>	Audited 12 Months ended <u>May 31, 2018</u>
		\$	\$	\$
Revenue		372,178,578	330,889,882	1,398,409,815
Direct expenses		249,546,512	229,507,223	972,056,069
Gross profit		122,632,066	101,382,659	426,353,746
Other operating income		1,404,982	1,229,317	5,747,575
Share of Profit from Joint Venture		726,110	-	-
		124,763,158	102,611,976	432,101,321
Less operating expenses:				
Administrative expenses		86,869,079	62,729,599	323,030,774
Selling & distribution		5,672,011	2,791,153	29,732,504
		92,541,090	65,520,752	352,763,278
Operating profit before finance costs		32,222,068	37,091,224	79,338,043
Finance income		381,663	304,029	959,950
Finance costs		(24,535,373)	(3,491,889)	(13,253,914)
Net finance costs		(24,153,710)	(3,187,860)	(12,293,964)
Profit before taxation		8,068,358	33,903,364	67,044,079
Taxation		1,008,545	-	8,399,606
Net profit, being total comprehensive income for the period/year		7,059,813	33,903,364	58,644,473
Earnings per stock unit	5	\$0.005	\$0.022	\$0.038

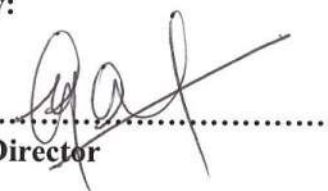
Paramount Trading (Jamaica) Limited
Statement of Financial Position
August 31, 2018

Note	Unaudited August 31, 2018	Unaudited August, 31, 2017	Audited May 31, 2018
	\$	\$	\$
Non-current assets:			
Property, plant and equipment	259,389,902	237,148,489	263,597,645
Investments	7,388,295	58,685,730	57,875,469
Current assets:			
Inventories	502,055,155	338,422,613	500,024,099
Taxation recoverable	1,414,472	1,104,629	1,329,493
Receivables	463,170,552	282,938,044	378,134,060
Cash and cash equivalents	15,631,935	38,763,218	28,205,145
	982,272,114	661,228,504	907,692,797
Current liabilities			
Payables	426,868,169	185,710,055	410,796,040
Taxation Payable	4,299,509	-	3,290,965
Current portion of long term borrowings	11,780,528	12,883,647	13,357,128
	442,948,206	198,593,702	427,444,133
Net current assets	539,323,908	462,634,802	480,248,664
Total assets less current liabilities	806,102,105	758,469,021	801,721,778

Equity:			
Issued capital	77,492,243	77,492,243	77,492,243
Retained earnings	669,992,385	638,191,463	662,932,572
	747,484,628	715,683,706	740,424,815
Non- current liabilities:			
Long term borrowings	53,508,835	42,785,315	56,188,322
Deferred tax liability	5,108,642	-	5,108,641
	58,617,477	42,785,315	61,296,963
Total Equity and non-current liabilities	806,102,105	758,469,021	801,721,778

Approved and signed on behalf of the Board by:

.....

 Director

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 Director

Paramount Trading (Jamaica) Limited

Statement of changes in Shareholders' Equity First quarter ended August 31, 2018

	<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	-	33,903,364	33,903,364
Balances at August 31, 2017	<u>77,492,243</u>	<u>638,191,463</u>	<u>715,683,706</u>

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balances at May 31, 2018	77,492,243	662,932,572	740,424,815
Total comprehensive income	-	7,059,813	7,059,813
Balances at August 31, 2018	<u>77,492,243</u>	<u>669,992,385</u>	<u>747,484,628</u>

Paramount Trading (Jamaica) Limited

Statement of Cash Flows

Three months ended August 31, 2018

	3 months ended August 31, 2018	3 months ended August 31, 2017
	\$	\$
Cash flows from operating activities		
Net profit for the period	7,059,813	33,903,364
Adjustments for:		
Depreciation	11,955,605	7,295,664
Interest expense	1,929,554	1,253,646
Interest income	(381,663)	(198,205)
Operating cash flows before changes in working capital	20,563,309	42,254,469
Changes in operating assets and liabilities		
Inventories	(2,031,056)	28,636,229
Accounts receivable	(85,036,492)	21,881,946
Tax recoverable	(84,979)	(22,864)
Taxation Payable	1,008,544	-
Payables	16,072,129	(95,071,119)
Current portion of long term borrowings	-	287,896
Interest received	381,663	-
Interest paid	(1,929,554)	(1,253,646)
Net cash used in operating activities	(51,056,436)	(3,287,089)
Cash flows from investing activity		
Acquisition of property, plant and equipment	(7,747,862)	(4,473,025)
Net cash used in investing activity	(7,747,862)	(4,473,025)
Cash flows from financing activities		
Loan repayments	(4,256,086)	(3,330,260)
Net cash used in financing activities	(4,256,086)	(3,330,260)
Net decrease in cash and cash equivalents	(63,060,384)	(11,090,374)
Cash and cash equivalents at beginning of the period	86,080,614	108,539,322
Cash and cash equivalents at end of period	23,020,230	97,448,948
Represented by:		
Cash and cash equivalents	15,631,935	38,763,218
Investments	7,388,295	58,685,730
Net cash and cash equivalents at end of period	23,020,230	97,448,948

Paramount Trading (Jamaica) Limited

Notes to interim Financial Statements First quarter ended August 31, 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, 2018, 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, 2018.

(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, 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%

As the company is currently in Year 6 of trading, estimated Income Tax for the period was calculated at 25% of Profit for the Period less 50% Relief according to the rules of the Junior Stock Exchange.

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, 2018

6. RECEIVABLES

The Receivables balance includes \$96,807,731.09 (2017- \$17,699,073.68) representing Investment in Joint Venture Operations at the end of the period.

7. SHARE CAPITAL

	<u>2018</u>	<u>2017</u>
Authorised:		
1,620,000,000 (162,000,000) Ordinary shares of no par value		
<u>Issued and fully paid</u>		
1,542,467,080 (154,246,708) shares	77,492,243	77,492,243



TOP 10 STOCKHOLDERS, DIRECTORS AND SENIOR
OFFICERS
AUGUST 31, 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.I. Enterprises Limited	4,920,000
Lannaman & Morris (Shipping) Limited	4,208,000

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
Gary Dixon	120,000