



STATIONERY & OFFICE SUPPLIES LTD.

23 BEECHWOOD AVENUE, KINGSTON 5, JAMAICA
TELEPHONE: (876) 926-5688 • FAX (876) 968-8200
www.sos.com.jm

UNAUDITED FINANCIAL STATEMENTS - 2nd QUARTER ENDED JUNE 30TH 2018





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UNAUDITED FINANCIAL STATEMENTS FOR THE 2nd QUARTER & 6 MONTHS ENDED JUNE 30th, 2018

The Board of Directors of Stationery & Office Supplies Limited is pleased to present the unaudited results for the company for the 2nd quarter & 6 months ended June 30, 2018.

Historically, the 2nd quarter has always recorded the lowest sales for the year, but in 2018 SOS was able to post a strong 2nd quarter growing revenues by 13% (\$211.6M - \$240M) over the corresponding period in 2017. While revenues increased, SOS was able to control its cost of goods as there was a minimal 6% increase from \$112M - \$118.7M year on year.

During the quarter, SOS experienced significant changes in its operations with the launch of our SEEK Manufacturing Division. Seek began operations in the 2nd week of May and for the month just under 21,000 books were produced. In June that figure increased substantially to just over 96,000 books.

Start-up costs for SEEK including a one-time legal fee, security systems and other initial expenses along with the salaries for the new SEEK team, resulted in the SEEK Division showing an operating loss in its first 2 months of operation, thereby reducing the overall gross profit for SOS. For the 2nd quarter, SOS's profits decreased from \$20.3M to \$11.6M over the corresponding period in 2017.

In addition to the SEEK start-up costs, SOS was involved with two installation projects that will not be completed until the 3rd quarter and therefore resulted in June sales being lower than expected.

Overall expenses for the quarter increased by 43% due to our staff compliment being increased from 95 employees at the end of June 2017 to 135 employees at the end of June 2018. This represents a staff increase of 45%.

For the 6 months ended June 30th 2018, SOS continued to grow over the corresponding period in 2017. Revenues are up 21% (\$431.7M - \$519.2M), with cost of sales rising by 16% (\$223.6M - \$259.6M). Overall the gross profit for the 6 months increased from 48.2% to 51%. Expenses for the year so far increased by 33% (\$107.2M - \$142.4M) due to the increase in staff numbers. Despite the SEEK start-up costs, SOS has seen its pre-tax profit rise by 12% from \$50.4M to \$56.2M.



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FINANCIAL POSITION

At the end of the 2nd quarter, SOS increased its total assets by 42% (\$549M - \$779M). This growth was mainly due to an increase in its non-current assets (\$274M - \$405M), a 16% increase in inventories, and an increase in bank and cash of \$60M.

Earnings per share at the end of the 2nd quarter was \$.05, the same as it was during the 2nd quarter 2017. For the year earnings per share are presently at \$.22.

We wish to thank all of our valued partners, customers and especially our shareholders.

A handwritten signature in black ink, appearing to read 'David McDaniel', written over a horizontal line.

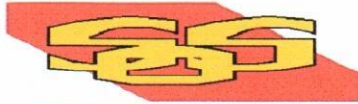
David McDaniel

Chairman of the Board & Managing Director

A handwritten signature in black ink, appearing to read 'Marjorie E. McDaniel', written over a horizontal line.

Marjorie McDaniel

Chief Administrative officer & Company Secretary



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SOS TOP 10 SHAREHOLDERS AS OF JUNE 31, 2018

#	SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1	OUTLOOK LIMITED	200,096,400.	80
2	ANJANETTE MARIANNA MCDANIEL	5,850,040.	2.34
3	KIW INTERNATIONAL LIMITED	3,000,000.	1.2
4	JNBS PENSION TRUSTEES NOMINEE LTD.	2,240,650.	0.9
5	JASON CARL CARBY	1,918,660.	0.77
6	KENDALL MARIE TODD	1,744,000.	0.7
7	MIRAH JESSICA LIM TODD	1,480,000.	0.6
8	MF & G ASSET MANAGEMENT LTD. - NCB CM UNIT TRUST SCHEME (JMD CARIBBEAN EQUITY PORTFOLIO)	1,192,373.	0.48
9	BRIDGETOWN MANAGEMENT SERVICES LTD	984,114.	0.4
10	JAMAICA TEAS LIMITED BUYING ACCOUNT	883,797.	0.4

DIRECTORS SHARE HOLDINGS AS OF MARCH 31, 2018

#	DIRECTORS NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
1	DAVID MCDANIEL	NIL	OUTLOOK LTD	200,096,400.
2	MARJORIE MCDANIEL	NIL	OUTLOOK LTD	200,096,400.
3	ALLAN MCDANIEL	NIL		
4	KELLI MUSCHETT	NIL	OUTLOOK LTD	200,096,400.
5	STEPHEN TODD	NIL	OUTLOOK LTD	200,096,400.
6	KERRI TODD	NIL	OUTLOOK LTD	200,096,400.
7	ANTHONY BELL	NIL	-	
9	GARY HENDRICKSON	NIL	-	
10	R. EVAN D. THWAITES	28,165.	-	

SENIOR MANAGERS SHARE HOLDING

#	SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1	BRUCE W. BAYLIS	300,000.	0.12
2	DENISE MCINTOSH	295,650.	0.12

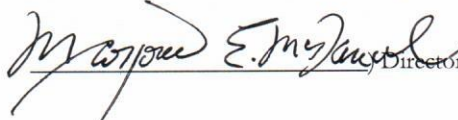
Stationery & Office Supplies Limited

Statement of financial position

June 30, 2018

	June 30, 2018 6 Months Unaudited	June 30, 2017 6 Months Unaudited	December 31, 2017 Audited
Assets	\$	\$	\$
Non-current assets			
Property, plant and equipment	354,840,771	268,755,249	322,495,979
Goodwill	43,568,000	-	-
Intangible asset	4,812,319	5,661,552	5,095,397
Investments	1,456,184	-	1,500,000
	<u>404,677,274</u>	<u>274,416,801</u>	<u>329,091,376</u>
Current assets			
Inventories	177,658,050	152,696,682	158,707,704
Trade and other receivables	107,001,683	101,831,886	130,673,742
Prepayments	27,038,760	18,651,500	28,186,844
Taxation recoverable	841,982	-	247,180
Bank and cash	61,765,879	1,163,206	8,297,006
	<u>374,306,354</u>	<u>274,343,274</u>	<u>326,112,476</u>
Total assets	<u>778,983,628</u>	<u>548,760,075</u>	<u>655,203,852</u>
Equity and liabilities			
Equity			
Share capital	88,151,214	4,000	88,151,214
Capital reserve	112,423,398	112,423,398	112,423,398
Retained profits	259,282,838	171,864,524	213,180,070
Total equity	<u>459,857,450</u>	<u>284,291,922</u>	<u>413,754,682</u>
Liabilities			
Non-current liabilities			
Borrowings	131,780,550	22,570,160	41,075,921
Other loans	54,872,801	58,460,769	56,814,327
Finance lease	2,298,966	12,838,853	6,557,005
Deferred tax liability	15,551,925	24,805,419	15,551,925
	<u>204,504,242</u>	<u>118,675,201</u>	<u>119,999,178</u>
Current liabilities			
Bank overdraft	-	2,450,759	-
Trade and other payables	80,489,947	98,015,447	85,092,897
Owing to Directors	685,442	582,687	413,193
Current portion of borrowings	19,998,177	26,099,418	23,252,767
Current portion of other loans	3,063,434	1,436,374	-
Current portion of finance lease	10,384,937	12,500,000	12,691,135
Taxation payable	-	4,708,267	-
	<u>114,621,936</u>	<u>145,792,952</u>	<u>121,449,992</u>
Total liabilities	<u>319,126,178</u>	<u>264,468,153</u>	<u>241,449,170</u>
Total equity and liabilities	<u>778,983,628</u>	<u>548,760,075</u>	<u>655,203,852</u>

 Director

 Director

Stationery & Office Supplies Limited

Statement of profit or loss and other comprehensive income

Period ended June 30, 2018

	Quarter to	YTD	Quarter to	TYD	Year End
	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2017	December 31, 2017
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
	\$		\$		\$
Revenue	240,031,157.00	519,209,959.00	211,603,364.00	431,785,755.00	906,505,818.00
Cost of sales	(118,718,722.00)	(259,622,646.00)	(112,062,571.00)	(223,601,387.00)	(483,492,384.00)
Gross Profit	121,312,435.00	259,587,313.00	99,540,793.00	208,184,368.00	423,013,434.00
Other income	38,339.00	636,497.00	(40,806.00)	83,425.00	97,991.00
Administrative and general expenses	(76,746,805.00)	(142,374,986.00)	(53,845,319.00)	(107,239,388.00)	(236,627,569.00)
Selling and promotional costs	(22,240,084.00)	(44,446,190.00)	(16,930,893.00)	(34,726,139.00)	(72,259,503.00)
Other operating Expenses	-	-	(715,834.00)	(715,834.00)	
Bad Debt	-	-	-	-	(714,969.00)
Depreciation amortisation & impairment	(6,119,121.00)	(11,759,447.00)	(5,176,464.00)	(10,042,251.00)	(22,312,151.00)
Operating profit	16,244,764.00	61,643,187.00	22,831,477.00	55,544,181.00	91,197,233.00
Finance income	61,710.00	221,139.00	(2,491,575.00)	(4,868,766.00)	420,367.00
(Loss) / gain on foreign exchange	(2,073,580.00)	(3,156,762.00)	(45,498.00)	(269,515.00)	208,016.00
Finance costs	(2,431,351.00)	(4,703,994.00)	-	-	(9,483,266.00)
Profit / (Loss) on disposal of property plant and equipment	-	2,207,834.00	-	-	(60,772.00)
Gain on Investments	(177,494.00)	(43,816.00)	-	-	-
Profit before tax	11,624,049.00	56,167,588.00	20,294,404.00	50,405,900.00	82,281,578.00
Income tax (expense) / credit	-	(60,000.00)	(8,755,000.00)	(8,755,000.00)	684,867.00
Profit for the period, total comprehensive income for the period / year	11,624,049.00	56,107,588.00	11,539,404.00	41,650,900.00	82,966,445.00
Basic / diluted earnings per share	<u>0.05</u>	<u>0.22</u>	<u>0.05</u>	<u>0.20</u>	<u>0.38</u>

Stationery & Office Supplies Limited

Statement of changes in equity

Period ended June 30, 2018

	Share Capital \$	Capital Reserve \$	Retained Profits \$	Total \$
Balance at December 31, 2016	4,000.00	112,423,398.00	130,213,625.00	242,641,023.00
Profit for year			82,966,445.00	82,966,445.00
Issue of shares	88,147,214.00			88,147,214.00
Balance at December 31, 2017.	88,151,214.00	112,423,398.00	213,180,070.00	413,754,682.00
Profit for period			56,107,588.00	56,107,588.00
Transaction with Owners	88,151,214.00	112,423,398.00	269,287,658.00	469,862,270.00
Dividend Paid			(10,004,820.00)	(10,004,820.00)
Balance at June 30, 2018	88,151,214.00	112,423,398.00	259,282,838.00	459,857,450.00
Balance at December 31, 2016	4,000.00	112,423,398.00	130,213,625.00	242,641,023.00
Profit for period			41,650,900.00	41,650,900.00
Balance at June 30, 2017	4,000.00	112,423,398.00	171,864,525.00	284,291,923.00

Stationery & Office Supplies Limited

Statement of cash flows

Period ended June 30, 2018

	June 30, 2018	June 30, 2017	December 31 2017
	Unaudited	Unaudited	Audited
	\$	\$	\$
Cash flows from operating activities:			
Profit before tax	56,167,588.00	50,405,900.00	82,281,578.00
Adjustments for:			
Depreciation amortisation impairment	11,759,447.00	10,042,251.00	22,312,151.00
Loss on foreign exchange on foreign currency loans	1,866,645.00	132,473.00	(1,527,675.00)
(Profit) / Loss on disposal of property, plant and equipment	(2,207,834.00)	121,547.00	60,772.00
Decrease in Investments	43,816.00	-	-
Interest income	(221,139.00)	(123,200.00)	(420,367.00)
Dividend Income	(4,428.00)	-	-
Interest expense	4,703,994.00	4,400,516.00	9,483,266.00
	72,108,089.00	64,979,487.00	112,189,725.00
(Increase) /decrease in inventories	(18,950,346.00)	(33,865,587.00)	(39,876,609.00)
Decrease / (Increase) in trade and other receivables	23,672,509.00	(14,331,829.00)	(43,173,685.00)
Decrease/(Increase) in prepayments	1,148,084.00	2,348,458.00	(7,186,886.00)
(Decrease) / decrease in trade and other payables	(4,602,950.00)	18,846,597.00	5,924,047.00
Increase / (Decrease) in owing to Directors	272,249.00	(889,633.00)	(1,059,127.00)
	73,647,635.00	37,087,493.00	26,817,465.00
Cash generated from operations	73,647,635.00	37,087,493.00	26,817,465.00
Interest paid	(4,703,994.00)	(4,400,516.00)	(9,483,266.00)
Income taxes paid	(594,802.00)	(9,976,533.00)	(14,915,089.00)
	68,348,839.00	22,710,444.00	2,419,110.00
Net cash provided by operating activities	68,348,839.00	22,710,444.00	2,419,110.00
Cash flows from investing activities:			
Interest received net of withholding tax	221,139.00	123,200.00	420,109.00
Purchase of property, plant and equipment	(44,703,032.00)	(32,400,556.00)	(97,738,773.00)
Proceeds from sale of fixed assets.	3,090,000.00	-	-
Purchase of Goodwill	(43,568,000.00)	-	-
Purchase of investment	-	-	(1,500,000.00)
	(84,959,893.00)	(32,277,356.00)	(98,818,664.00)
Net cash used in investing activities	(84,959,893.00)	(32,277,356.00)	(98,818,664.00)
Cash flows from financing activities			
Increase in share capital	-	-	88,147,214.00
Proceeds from Borrowings	99,900,000.00	18,540,001.00	55,540,001.00
Proceeds from finance lease	-	3,640,000.00	3,152,700.00
Dividend received	4,428.00	-	-
Repayment of borrowings	(12,510,707.00)	(8,429,573.00)	(29,647,266.00)
Repayment of other loans	(744,738.00)	(2,695,437.00)	(4,117,043.00)
Repayment of finance lease	(6,564,236.00)	(7,321,717.00)	(12,925,131.00)
Dividend Payment	(10,004,820.00)	-	-
	70,079,927.00	3,733,274.00	100,150,475.00
Net cash provided by financing activities	70,079,927.00	3,733,274.00	100,150,475.00
Net increase/(decrease) in cash and cash equivalents	53,468,873.00	(5,833,638.00)	3,750,921.00
Cash and cash equivalents at beginning of period	8,297,006.00	4,546,085.00	4,546,085.00
Cash and cash equivalents at end of period	61,765,879.00	(1,287,553.00)	8,297,006.00



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Notes to the Unaudited Financial Statements

June 30, 2018

1. **Identification and activities**

Stationery and Office Supplies Limited is a limited liability company incorporated under the Laws of Jamaica on July 23, 1965. The company became a subsidiary of Outlook Limited (see note 3) and is domiciled in Jamaica with registered offices located at 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies.

The main activity of the company is the sale of office furniture, fixtures, stationery and other office supplies.

These financial statements are presented in Jamaica Dollars.

2. **Articles Of Incorporation**

At an Extraordinary General Meeting held on March 29, 2017 the company approved the adoption of new Articles of Incorporation to replace the existing Articles and Memorandum of Association; as is necessary for the transition to a public company. The Articles of Incorporation were amended in order to make them complaint with the requirements of a public company pursuant to the Companies Act of Jamaica, and to also make the Articles compliant with the requirements of a public listed company pursuant to the rules of the Junior Market of the Jamaica Stock Exchange.

3. **Share Capital**

Following a Directors Meeting and an Extraordinary General Meeting held on March 29, 2017 approval was given to restructure the share capital of the company. The authorised ordinary share capital moved from 2,000 shares without par value to 10,000,000 ordinary shares without par value. The Company's ordinary share capital was then sub divided with each ordinary share being divided into 50 ordinary shares. Under a scheme of reorganisation Outlook Limited were allotted 199,996,400 shares; the shares held by David & Marjorie McDaniel (100,000) were also transferred to Outlook Limited.

4. **Statement of compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared on the accruals and under the historical cost convention as modified by the revaluation of properties.



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5. These unaudited financial financials are consistent with the accounting policies of the most recent Audited Financial Statements.
6. **Use of estimates and judgements**
The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on historical experience and managements best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.
There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.
7. **Dividends per Share**
Dividend paid in 2018 were as follows:
- | | |
|---|-------------------------|
| .04 cents per stock unit June 2018 (2017 Nil) | \$ <u>10,004,820.00</u> |
|---|-------------------------|