



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 – 3rd QUARTER ENDED SEPTEMBER 30TH 2018





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UNAUDITED FINANCIAL STATEMENTS FOR THE 3rd QUARTER & 9 MONTHS ENDED SEPTEMBER 30th, 2018

The Board of Directors of Stationery & Office Supplies Limited is pleased to present the unaudited results for the company for the 3rd quarter & 9 months ended September 30, 2018.

SOS has had a great year so far in 2018 and the 3rd quarter results continue to show positive growth in all areas of the business. Some of the key statistics for the quarter are as follows:

3RD QUARTER RESULTS 2017 & 2018			
	2017	2018	% INCREASE
REVENUES	\$ 233,100,000.00	\$ 282,100,000.00	21%
EXPENSES	\$ 88,400,000.00	\$ 99,100,000.00	12%
GROSS PROFIT %	47.50%	52.30%	10%
PROFIT	\$ 17,500,000.00	\$ 35,000,000.00	100%

It can be seen from the above table that SOS was not only able to increase revenues by 21% while keeping expenses down, but there was also a significant rise in the gross profit percentage of 10% which in turn led to the profit at the end of the 3rd quarter doubling when compared to the same period in 2017. During the 3rd quarter SOS also began to benefit from the sales of SEEK products that were first manufactured during the 2nd quarter of 2018. For the 3rd quarter, sales of SEEK products totalled \$24.8M. At the end of September, we also launched 4 new products that are being manufactured under the SEEK brand name. These products are Letter & Legal size Perforated White Ruled Pads, 4- ¼ x 6- ¾ Ruled Pads and 6x4 Hard Cover Note Books.

For the 9 months ended September 30, 2018, SOS has seen significant growth when compared to the results for the same period in 2017. Below are some of the highlights for the year so far:



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9 MONTH RESULTS 2017 & 2018			
	2017	2018	% INCREASE
REVENUES	\$ 665,000,000.00	\$ 802,000,000.00	21%
EXPENSES	\$ 250,000,000.00	\$ 317,000,000.00	27%
GROSS PROFIT %	48.00%	50.60%	5%
PROFIT	\$ 69,200,000.00	\$ 91,200,000.00	32%

Based on the above numbers it can be seen that in 9 months SOS has been able to match the pre-tax profit of the entire year's earnings for 2017. It should be noted that the increase in expenses was mainly due to the increase of 30 additional staff members as well as the initial setup costs of the SEEK Manufacturing Plant.

FINANCIAL POSITION

At the end of the 3rd quarter, SOS increased its total assets by 37% (\$613.5M - \$840M). This growth was mainly due to an increase in its property, plant & equipment (\$264M - \$389M), and a 44% increase in inventories.

Earnings per share at the end of the 3rd quarter was \$.14, doubling the EPS at the end of the 3rd quarter 2017. For the year to date earnings per share are presently at \$.37.

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

David McDaniel
Chairman of the Board & Managing Director

Marjorie McDaniel
Chief Administrative officer & Company Secretary

October 26, 2018



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SOS TOP 10 SHAREHOLDERS AS OF SEPTEMBER 30, 2018

#	SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1	OUTLOOK LIMITED	200,096,400.	80
2	ANJANETTE MARIANNA MCDANIEL	5,650,040.	2.3
3	KIW INTERNATIONAL LIMITED	3,000,000.	1.2
4	JASON CARL CARBY	2,510,000.	1.0
5	JNBS PENSION TRUSTEES NOMINEE LTD.	2,240,650.	0.9
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.	0.5
9	ANTHONY DOUGALL	1,021,124.	0.4
10	BRIDGETOWN MANAGEMENT SERVICES LTD	1,002,179.	0.4

DIRECTORS SHARE HOLDINGS AS OF SEPTEMBER 30, 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 AS OF SEPTEMBER 30, 2018

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

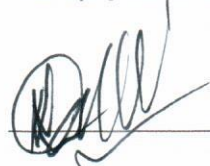
October 26, 2018

Stationery & Office Supplies Limited

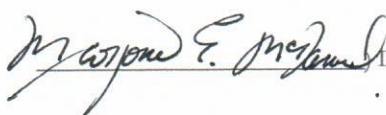
Statement of financial position

September 30, 2018

	September 30, 2018 9 Months Unaudited	September 30, 2017 9 Months Unaudited	December 31, 2017 Audited
Assets	\$	\$	\$
Non-current assets			
Property, plant and equipment	389,439,930	263,900,613	322,495,979
Goodwill	10,325,000		-
Intangible asset	4,670,780	5,661,552	5,095,397
Investments	1,335,453		1,500,000
	<u>405,771,163</u>	<u>269,562,165</u>	<u>329,091,376</u>
Current assets			
Inventories	206,901,836	144,347,830	158,707,704
Trade and other receivables	148,011,884	105,144,920	130,673,742
Prepayments	29,720,395	50,562,773	28,186,844
Taxation recoverable	841,982	-	247,180
Bank and cash	48,673,345	43,941,132	8,297,006
	<u>434,149,442</u>	<u>343,996,655</u>	<u>326,112,476</u>
Total assets	<u><u>839,920,605</u></u>	<u><u>613,558,820</u></u>	<u><u>655,203,852</u></u>
Equity and liabilities			
Equity			
Share capital	88,151,214	88,151,214	88,151,214
Capital reserve	112,423,398	112,423,398	112,423,398
Retained profits	294,751,180	189,326,286	213,180,070
Total equity	<u>495,325,792</u>	<u>389,900,898</u>	<u>413,754,682</u>
Liabilities			
Non-current liabilities			
Borrowings	130,857,335	15,397,060	41,075,921
Other loans	55,846,031	59,047,194	56,814,327
Finance lease	862,507	9,607,296	6,557,005
Deferred tax liability	15,551,925	24,805,419	15,551,925
	<u>203,117,798</u>	<u>108,856,969</u>	<u>119,999,178</u>
Current liabilities			
Bank overdraft			-
Trade and other payables	108,587,946	75,100,099	85,092,897
Owing to Directors	685,442	563,193	413,193
Current portion of borrowings	20,403,757	23,339,414	23,252,767
Current portion of other loans	3,206,855		-
Current portion of finance lease	8,593,015	12,500,000	12,691,135
Taxation payable		3,298,247	-
	<u>141,477,015</u>	<u>114,800,953</u>	<u>121,449,992</u>
Total liabilities	<u>344,594,813</u>	<u>223,657,922</u>	<u>241,449,170</u>
Total equity and liabilities	<u><u>839,920,605</u></u>	<u><u>613,558,820</u></u>	<u><u>655,203,852</u></u>



Director



Director

Stationery & Office Supplies Limited

Statement of changes in equity

Period ended September 30, 2018

	Share Capital \$	Capital Reserve \$	Retained Profits \$	Total \$
Balance at December 31, 2016	4,000	112,423,398	130,213,625	242,641,023
Profit for year	-	-	82,966,445	82,966,445
Issue of shares	88,147,214	-	-	88,147,214
Balance at December 31, 2017.	88,151,214	112,423,398	213,180,070	413,754,682
Profit for period	-	-	91,575,930	91,575,930
88,151,214	112,423,398	304,756,000	505,330,612	
Transaction with Owners:				
Dividend Paid	-	-	10,004,820	10,004,820
Balance at September 30, 2018	88,151,214	112,423,398	294,751,180	495,325,792
Balance at December 31, 2016	4,000	112,423,398	130,213,625	242,641,023
Profit for period	-	-	59,112,661	59,112,661
Balance at September 30, 2017	4,000	112,423,398	189,326,286	284,291,923

Stationery & Office Supplies Limited

Statement of profit or loss and other comprehensive income

Period ended September 30, 2018

	Quarter to September 30, 2018 Unaudited \$	YTD September 30, 2018 Unaudited	Quarter to September 30, 2017 Unaudited \$	TYD September 30, 2017 Unaudited	Year End December 31, 2017 Audited \$
Revenue	281,514,973	801,444,583	233,085,396	664,871,151	906,505,818.00
Cost of sales	(135,705,565)	(395,328,211)	(122,750,916)	(346,352,302)	(483,492,384.00)
Gross Profit	145,809,408.00	406,116,372.00	110,334,480	318,518,849.00	423,013,434.00
Other income	49,423	2,351,430	153,884	237,309	97,991.00
Administrative and general expenses	(76,898,265)	(219,273,252)	(63,354,460)	(170,593,849)	(236,627,569.00)
Selling and promotional costs	(20,130,672)	(64,576,862)	(19,955,870)	(54,682,009)	(72,259,503.00)
Other operating Expenses				(715,833)	
Bad Debt Depreciation amortisation & impairment	(8,158,015)	(19,917,462)	(5,051,509)	(15,093,760)	(714,969.00)
Operating profit	40,671,879.00	104,700,226.00	22,126,525.00	77,670,707.00	91,197,233.00
Finance income					420,367.00
(Loss) / gain on foreign exchange	(740,625)	(3,897,387)	(895,879)	(1,165,395)	208,016.00
Finance costs	(4,462,915)	(9,166,909)	(2,430,884)	(7,299,650)	(9,483,266.00)
Profit / (Loss) on disposal of property plant and equipment					(60,772.00)
Gain on Investments					-
Profit before tax	35,468,339.00	91,635,930.00	18,799,762.00	69,205,662.00	82,281,578.00
Income tax (expense) / credit		(60,000)	(1,338,000)	(10,093,001)	684,867.00
Profit for the period, total comprehensive income for the period / year	35,468,339.00	91,575,930.00	17,461,762.00	59,112,661.00	82,966,445.00
Basic / diluted earnings per share	0.14	0.37	0.07	0.23	0.38

Stationery & Office Supplies Limited

Statement of cash flows

Period ended September 30, 2018

	September 30, 2018	September 30, 2017	December 31 2017
	Unaudited	Unaudited	Audited
	\$	\$	\$
Cash flows from operating activities:			
Profit before tax	91,635,930	69,205,662	82,281,578
Adjustments for:			
Depreciation amortisation impairment	19,917,462	15,093,760	22,312,151
Loss on foreign exchange on foreign currency loans	3,758,043	705,092	(1,527,675)
(Profit) / Loss on disposal of property, plant and equipment	(2,207,834)	121,547	60,772
Decrease in Investments	164,547		-
Interest income	(364,065)	(273,279)	(420,367)
Dividend Income	(4,428)		-
Interest expense	9,166,909	6,772,959	9,483,266
	122,066,564	91,625,741	112,189,725
(Increase) /decrease in inventories	(48,194,132)	(25,516,735)	(39,876,609)
Decrease / (Increase) in trade and other receivables	(17,338,142)	(17,644,863)	(43,173,685)
Decrease/(Increase) in prepayments	(1,533,551)	(29,562,815)	(7,186,886)
(Decrease) / Increase in trade and other payables	23,495,049	(4,068,715)	5,924,047
Increase / (Decrease) in owing to Directors	272,249	(909,127)	(1,059,127)
Cash generated from operations	78,768,037	13,923,486	26,817,465
Interest paid	(9,166,909)	(6,772,959)	(9,483,266)
Income taxes paid	(594,802)	(12,894,330)	(14,915,089)
Net cash provided by operating activities	69,006,326	(5,743,803)	2,419,110
Cash flows from investing activities:			
Interest received net of withholding tax	364,065	273,279	420,109
Purchase of property, plant and equipment	(87,318,965)	(33,039,246)	(97,738,773)
Proceeds from sale of fixed assets.	3,090,000		-
Purchase of Goodwill	(10,325,000)		-
Purchase of investment	-		(1,500,000)
Net cash used in investing activities	(94,189,900)	(32,765,967)	(98,818,664)
Cash flows from financing activities			
Increase in share capital	-	-	88,147,214
Proceeds from Borrowings	106,400,000	18,540,001	55,540,001
Proceeds from finance lease	-	3,640,000	3,152,700
Dividends Received	4,428		-
Net Proceeds - IPO	-	88,147,214	-
Repayment of borrowings	(1,579,481)	(18,239,480)	(29,647,266)
Repayment of other loans	(19,467,597)	(4,117,043)	(4,117,043)
Repayment of finance lease	(9,792,618)	(10,065,875)	(12,925,131)
Dividend Payment	(10,004,820)		-
Net cash provided by financing activities	65,559,912	77,904,817	100,150,475
Net increase/(decrease) in cash and cash equivalents	40,376,339	39,395,047	3,750,921
Cash and cash equivalents at beginning of period	8,297,006	4,546,085	4,546,085
Cash and cash equivalents at end of period	48,673,345	43,941,132	8,297,006

Stationery & Office Supplies Limited
Notes to the Unaudited Financial Statements
September 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.

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>
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