DERRIMON
TRADING CO. LTD

Additional Public Offer
Ordinary Shares (APO)

PROSPECTUS

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to sub-section 40(2) of the Companies Act, 2004 and was so registered on December 14, 2020. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purpose of registration of the Company as an issuer pursuant to section 26 of the Securities Act, and the Company was so registered on December 14, 2020. The FSC has neither approved this Prospectus nor passed upon the accuracy or adequacy of this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the Shares.

No person is authorized to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained herein.

DERRIMON
TRADING CO. LTD

ADDITIONAL PUBLIC OFFER BY

DERRIMON TRADING COMPANY LIMITED

For subscription of up to

1,498,698,931 New Ordinary Shares (with the option to upsize by inviting offers for an additional **301,301,069** New Ordinary Shares):

484,513,306 New Ordinary Shares Non-Reserved Shares (General Public)
1,014,185,625 New Ordinary Shares Reserved Shares as follows:

Existing Shareholders or Derrimon Team Members – **484,387,164** New Ordinary Shares
Key Investors – **378,427,472** New Ordinary Shares
Lead Broker's Clients – **151,370,989** New Ordinary Shares

at a subscription price of

Existing Shareholders or Derrimon Team Members	Key Investors, Lead Broker's Clients and Non-Reserved Share Applicants (General Public)
J$2.20	J$2.40

Payable in full on application

Derrimon Trading Company Limited • 235 Marcus Garvey Drive, Kingston 11, Jamaica, W.I.
Telephone: (876) 937-4897-8 • Facsimile: (876) 937-0754 • Email: info@derrimon.com

An Application Form for use by the General Public in respect of the New Ordinary Shares which are the subject of this invitation is provided at the end of this Prospectus at Appendix 1, together with notes on how to complete it. The Subscription List for the Shares will open at 9:00 a.m. on January 6, 2021 and will close at 4:30 p.m. on January 26, 2021 subject to the right of the Company to close the Subscription List at any time if subscriptions have been received for the full amount of the New Ordinary Shares available for subscription and subject also to the right of the Company to extend the closing beyond that date subject to section 48 of the Companies Act, 2004. In the event of an early closing or an extension of the closing, notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com).

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Disclaimers and Advisory on Forward-Looking Statements

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1.1 The Invitation is made to Jamaican Residents in Jamaica

1.1.1 This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the New Ordinary Shares. The distribution or publication of this Prospectus and the offering of New Ordinary Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.

1.1.2 The New Ordinary Shares have not been nor will they be registered or qualified under the United States Securities Act, 1933, as amended, (the "1933 Act") or any applicable Blue Sky law or other security law of any State or political sub-division of the United States of America. The New Ordinary Shares may not be offered, sold, transferred, or delivered, directly or indirectly in the United States of America, its territories or possessions or any area subject to the jurisdiction of the United States or in any other country in which an invitation to subscribe for the New Ordinary Shares or the offering of the New Ordinary Shares is not permitted by applicable law.

1.2 Responsibility for Contents of this Prospectus

1.2.1 The Directors of **Derrimon Trading Company Limited**, whose names appear in Section 19 of this Prospectus, are the persons responsible for the information contained herein. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to materially affect the import of such information. Each of such persons accepts responsibility accordingly.

1.2.2 No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

1.3 Contents of this Prospectus

1.3.1 **This Prospectus contains important information for prospective investors in the New Ordinary Shares. All prospective investors should read the Prospectus carefully in its entirety before submitting an Application Form.**

1.3.2 **If you are in doubt about the contents of this Prospectus, you should consult your stockbroker, securities dealer, investment advisor, bank manager, attorney-at-law, professional accountant or other professional advisor.**

1.3.3 This Prospectus contains summaries of certain documents which the Board of Directors of the Company believe are accurate. Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available for inspection as described in Section 18. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

1.3.4 The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

1.3.5 Neither the Financial Services Commission, nor the Registrar of Companies or any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

1.4 Application to Subscribe for New Ordinary Shares

1.4.1 This Prospectus is not a recommendation by the Company or its Professional Advisors that prospective investors should submit Application Forms to subscribe for the New Ordinary Shares. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for and owning the New Ordinary Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for and owning the

New Ordinary Shares, including but not limited to any tax implications.

1.4.2 Each Applicant who submits an Application Form acknowledges and agrees that:

(i) he/she/it has been afforded a meaningful opportunity to review the Prospectus (including in particular the terms and conditions in Sub-Section 6.4), and to gather and review all additional information considered by him/her/it to be necessary to verify the accuracy of the information contained in this Prospectus;

(ii) he/she/it has not relied on the Company or any other person in connection with his/her/its investigation of the accuracy of such information or his/her/its investment decision; and

(iii) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her/its Application Form.

1.5 Advisory on Forward-Looking Statements

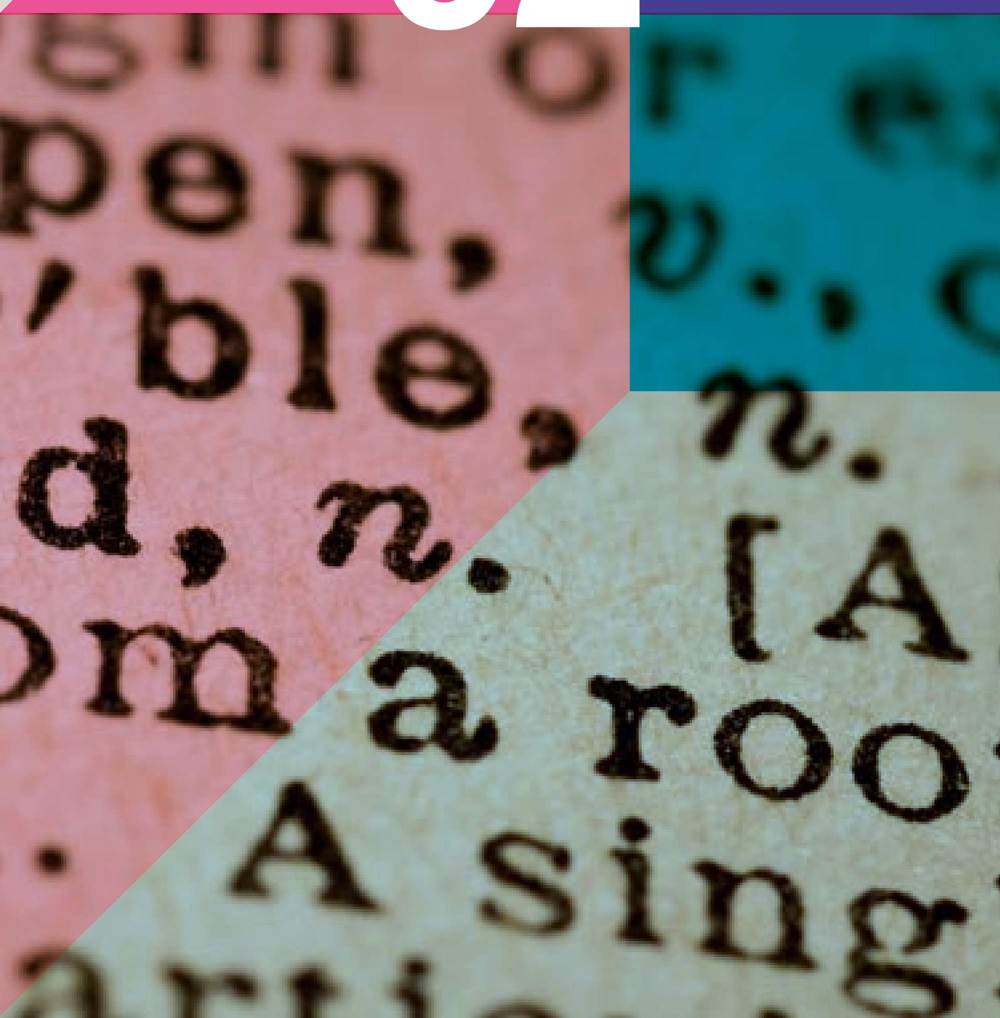
1.5.1 This Prospectus contains forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made and include without limitation the discussions of future plans and financial projections. Although the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

1.5.2 Forward-looking statements may be identified by accompanying language such as "*expects*", "*intends*", "*anticipates*", "*estimates*" and other cognate or analogous expressions or by qualifying language or assumptions. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the Risk Factors set out in Section 15 as well as the following:

- general economic and business conditions prevailing both locally and internationally including: actual rates of growth of the Jamaican and regional economies, interest rates or exchange rate volatility;
- competition in the markets in which the Derrimon Group operates;
- changes in the political, social and economic conditions impacting market conditions in general and the Derrimon Group in particular;
- adverse climatic events and natural disasters;
- unfavourable market receptiveness to new products;
- changes in any legislation or policy adversely affecting the revenues or expenses of the Derrimon Group;
- any other factor negatively impacting on the realisation of the assumptions on which the Derrimon Group's financial projections are based; and
- other factors identified in this Prospectus.

1.5.3 Neither the Financial Services Commission, nor the Registrar of Companies or any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

02 Definitions



02 DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

WORD OR PHRASE	DEFINITION
2021 Preference Shares	Fixed and floating rate cumulative redeemable preference shares due 2021 in the capital of the Company;
Act	The Companies Act, 2004;
Allotment	The allocation and issuance of New Ordinary Shares to successful Applicants;
Applicant	A person (being an individual or corporate body) whether a Reserved Share Applicant or a member of the General Public, who submits an Application;
Application	A duly completed application for New Ordinary Shares made by an Applicant(s) in (i) the required Application Form, the same to be duly signed/executed by the Applicant(s) and submitted to any of the locations listed at Appendix 4 of this Prospectus or (ii) completing an electronic application using Barita BOSS, the Lead Broker's online application portal, which can be accessed by logging on to www.baritaboss.com, along with payment of the Price using an Approved Payment Method, with respect to the New Ordinary Shares, the subject of the Application;
Application Form or Subscription Form	The form of application to be used by all Applicants who wish to subscribe for New Ordinary Shares in the Invitation, as set out in Appendix 1 which shall also be available for download at www.barita.com or www.jamstockex.com;
Application List	The application list in respect of the Invitation;
Approved Payment Method	Any of the methods of payment described in Sub-Section 6.4.6 of this Prospectus required to be used by Applicants in effecting payment of the Price;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Arranger	Barita Investments Limited;
Articles	The amended Articles of Incorporation of the Company filed with the Companies Office of Jamaica on June 4, 2018;
Auditor	McKenley & Associates;
Auditor's Report	The report of McKenley & Associates set out in pages 90 to 170 in Appendix 2 hereto;
Barita	Barita Investments Limited;
The Board of Directors of the Company	The Board of Directors of the Company whose signatures appear in Section 19;
Business Day	Any day (other than a Saturday, Sunday or public general holiday) on which banks are open for business in the Corporate Area of Kingston and Saint Andrew in Jamaica;
CFF	Caribbean Flavours and Fragrances Limited, a company incorporated under the laws of Jamaica with its registered office located at 226 Spanish Town Road, Kingston 11, Jamaica;
Closing Date	The date on which the Subscription List in respect of this Invitation closes, being 4:30 p.m. on January 26, 2021, subject to the right of the Company to shorten or extend the subscription period in the circumstances set out in this Prospectus;
the Company or Derrimon	Derrimon Trading Company Limited, a company incorporated under the laws of Jamaica with its registered office located at 235 Marcus Garvey Drive, Kingston 11, Jamaica;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
The Companies Act	The Companies Act of Jamaica, as amended from time to time;
Derrimon Group	Collectively the Company, CFF and Woodcats;
Derrimon Team Member	A person who is a permanent employee of Derrimon Trading Company Limited and or its subsidiaries as at the Opening Date and who has been advised by the Company that New Ordinary Shares have been reserved for them;
Directors or Board	The Board of Directors of the Company including a duly authorized committee thereof;
Dollars or J$	Jamaican Dollars;
Existing Ordinary Shares	The 2,733,360,670 ordinary shares in the capital of the Company in issue as at the date of this Prospectus and which are listed on the JSE;
Existing Shareholders	The registered holders of the Existing Ordinary Shares of the Company as at the Opening Date;
Existing Shareholders or Derrimon Team Members Reserved Shares	484,387,164 New Ordinary Shares initially reserved for applications from Existing Shareholders or Derrimon Team Members;
FSC	The Financial Services Commission of Jamaica;
Government	The Government of Jamaica;
General Public	Non-Reserved Share Applicants;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Invitation	This invitation to the public to subscribe for New Ordinary Shares in the capital of the Company on the terms and conditions set out in this Prospectus;
Invitation Price or Price	J$ 2.20 for Existing Shareholders or Derrimon Team Members; J$ 2.40 for Key Investors, Lead Broker's Clients, and Non-Reserved Applicants (General Public);
JCSD	The Jamaica Central Securities Depository;
JSE or the Exchange	The Jamaica Stock Exchange;
JSE Website	The website of the Jamaica Stock Exchange at www.jamstockex.com;
Junior Market Rules	The rules made by the JSE from time to time to govern the Junior Market;
Junior Market	The Junior Market of the JSE;
Key Investors	Any of the following persons: (i) the Lead Broker (or its nominee), (ii) large or multi-line clients of the Company who have been customers with the Company for at least three (3) years and who have been advised by the Company that New Ordinary Shares have been reserved for them as a Key Investor; or (iii) institutional investors who have been advised by the Company that New Ordinary Shares have been reserved for them as a Key Investor;
Key Investors' Reserved Shares	378,427,472 New Ordinary Shares initially reserved for applications from Key Investors;
Last Audited Accounts	The Audited Accounts of the Company for the year ending December 31, 2019 posted on the JSE Website;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Lead Broker	Barita Investments Limited, who will act on behalf of Derrimon Trading Company Limited in the execution of the Invitation;
Lead Broker's Clients	A person whether an individual or company or unincorporated entity which maintains an account with the Lead Broker as at the Opening Date of this Invitation;
Lead Broker's Clients Reserved Shares	151,370,989 New Ordinary Shares initially reserved for applications from Lead Broker's Clients;
List	The Subscription List applicable to this Invitation;
Opening Date	The date on which the Subscription List in respect of this Invitation opens, being 9:00 a.m. on January 6, 2021;
Ordinary Shareholders	Holders of the Ordinary Shares and includes ordinary stockholders and *vice versa;*
Ordinary Shares	No par value ordinary shares in the capital of the Company and includes stock units and *vice versa;*
Option to Upsize	The right of the Company to make available for subscription an additional 301,301,069 in New Ordinary Shares at the Invitation Price in the event of excess demand;
New Ordinary Shares	Up to 1,498,698,931 New Ordinary Shares of no par value in the capital of the Company available for subscription in the Invitation, which upon issue will rank pari passu in all respects with the Company's Existing Ordinary Shares;
Non-Reserved Shares	The total number of New Ordinary Shares available for subscription in this Invitation, less the Reserved Shares;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Non-Reserved Share Applicant (General Public)	Applicants who are not Reserved Share Applicants;
Non-Reserved Share Pool	484,513,306 New Ordinary Shares in the Invitation which are for subscription by Non-Reserved Share Applicants (General Public);
Registrar	the Jamaican Central Securities Depository Limited;
Reserved Share Pool	Up to 1,014,185,625 New Ordinary Shares in the Invitation which are specifically reserved for Applications from, and subscription by the Reserved Share Applicants as follows: (a) Existing Shareholders or Derrimon Team Members – 484,387,164 New Ordinary Shares; (b) Key Investors – 378,427,472 New Ordinary Shares; and (c) Lead Broker's Clients – 151,370,989 New Ordinary Shares;
Reserved Share Applicants	Applicants who are Existing Shareholders, Derrimon Team Members, Key Investors, or Lead Broker's Clients;
Selling Agents	A stockbroker approved by the Lead Broker to assist with the implementation of the Invitation;
Subscriber	Subscribers in this Invitation;
Underwriter	Barita Investments Limited; and
Woodcats	Woodcats International Limited a company incorporated under the laws of Jamaica with its registered office located at 27 Slipe Pen Road, Kingston 5, Jamaica.

In this Prospectus, the singular includes the plural and *vice versa*, and references to one gender include all other genders. References to "person" include any individual, company or other corporate body or any firm or partnership.

03

Summary of The Invitation

03 SUMMARY OF INVITATION

<table>
<tr><th>WORD OR PHRASE</th><th>INFORMATION</th></tr>
<tr><td>Issuer:</td><td>Derrimon Trading Company Limited</td></tr>
<tr><td>Invitation:</td><td>Up to 1,498,698,931 in New Ordinary Shares</td></tr>
<tr><td>Reserved Shares</td><td>1,014,185,625 New Ordinary Shares</td></tr>
<tr><td>Reserved Share Pools</td><td>
<table>
<tr><th>Reserved Share Pool</th><th>New Ordinary Shares Available For Subscription</th><th>Price per New Ordinary Share</th></tr>
<tr><td>Existing Shareholders or Derrimon Team Member Reserved Shares</td><td>484,387,164</td><td>J$2.20</td></tr>
<tr><td>Key Investors Reserved Shares</td><td>378,427,472</td><td>J$2.40</td></tr>
<tr><td>Lead Broker’s Clients Reserved Shares</td><td>151,370,989</td><td>J$2.40</td></tr>
</table>
</td></tr>
<tr><td>Non-Reserved Shares (General Public):</td><td>484,513,306 New Ordinary Shares at J$2.40 per New Ordinary Share</td></tr>
<tr><td>Option Upsize:</td><td>301,301,069 New Ordinary Shares</td></tr>
<tr><td>Timetable of Key Dates:</td><td>Registration of Prospectus with Registrar of Companies: December 14, 2020

Registration of Prospectus with Financial Services Commission: December 14, 2020

Publication of Prospectus: December 14, 2020

Opening Date: 9:00 a.m. on January 6, 2021
Closing Date*: 4:30 p.m. on January 26, 2021, subject to early closing once fully subscribed</td></tr>
<tr><td>Application Form:</td><td>See Appendix 1 of this Prospectus</td></tr>
<tr><td>Application Procedure and Terms and Conditions of the Invitation for Subscription:</td><td>See Sub-Section 6.4 of this Prospectus</td></tr>
</table>

WORD OR PHRASE	INFORMATION
Approved Payment Methods:	Any of the following: 1. Manager's cheque payable to the Applicant's stockbroker, Barita Investments Limited and/or any of the approved Selling Agents for amounts less than J$1,000,000.00; 2. Cleared funds held in an equity/investment account in the Applicant's name at Barita supported by an authorization from the Applicant instructing Barita to transfer the payment to their Barita JCSD account; 3. Transfer from the Applicant's account held with the Applicant's stockbroker; 4. Transfer in the Real Time Gross Settlement (RTGS) system to the Applicant's stockbroker; or 5. Transfer via the Automated Clearing House (ACH) to the Applicant's stockbroker. *Note that: A penalty of J$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00.*
Basis of Allotment:	New Ordinary Shares shall be allocated on a "first come first served basis".
Confirmation of Share Allotments:	All Applicants may refer to the confirmation instructions that will be posted on the website of the JSE (www.jamstockex.com) after the Closing Date.
Returned Applications/ Refunds:	Available for collection where originally submitted within ten (10) days of the Closing Date (or the extended Closing Date, as the case may be).
Final Allotment and Admission of trading on JSE:	Within twenty-one days (21) of the Closing Date, subject to the New Ordinary Shares being admitted for listing by the Board of the JSE on the JSE.

*The Subscription List will close at 4:30 p.m. on the Closing Date of January 26, 2021, subject to the right of the Company to: (i) close the Subscription List at any time after 9:00 a.m. on the Opening Date of January 6, 2021 once the issue is fully sold and subscribed; and/or (ii) extend the Closing Date, subject to the provisions of section 48 of the Act. In either case, notice will be posted on the website of the JSE (www.jamstockex.com).

**It is the intention of the Company to apply to the JSE for admission of the New Ordinary Shares to trade on the Junior Market. The application for admission is dependent on the Company's ability to (i) raise at least J$3,500,000,000.00 as a result of the Invitation made in the Prospectus and (ii) meet the criteria for admission set out in the JSE Rules. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to trade on the JSE.

It is anticipated that the New Ordinary Shares will be converted to stock units and listed within twenty-one (21) days after the close of the Application List. However, the foregoing statement regarding the Company's intention to list its stock units on the JSE is not to be construed as a guarantee that the New Ordinary Shares will be listed or that the New Ordinary Shares will be so listed within the time stated. If the New Ordinary Shares are listed, dealings will commence immediately after such listing. If the New Ordinary Shares are not so listed, then any provisional allotment of New Ordinary Shares made by the Company will be revoked and the Company will not proceed with the unconditional allotment of New Ordinary Shares pursuant to this Prospectus. In such case, all monies received from subscribers in response to this Prospectus would be refunded, without interest, within ten (10) working days after the Jamaica Stock Exchange has notified the Company of its decision to decline the listing application.

If this Invitation is successful as well as its application for admission for trading of the New Ordinary Shares to the JSE, the Company's subscribed participating voting capital will exceed the maximum of J$500,000,000.00 set by the Junior Market Rules. The Company has written to the JSE indicating its intention to seek the JSE's consent to remain listed on the Junior Market whilst paying the fees applicable to a Main Market company. The JSE has indicated by a letter dated December 2, 2020 that it has no objection to the Company's request. The aforementioned letter from the JSE is among the documents available for inspection.

Professional Advisors for the Invitation

04

LEGAL ADVISORS

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

Tel: 876-920-4000
Fax: 876-920-0244

Primary Contact
Mr. Dane Patterson
Email: dpatterson@pmhlaw.net

REGISTRAR

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

Tel: 876-967-3271
Fax: 876-924-9090

Primary Contacts
Ms. Kadyll McNaught-Hermitt
Ms. Tamieka Ricketts
Email: kadyll.mcnaught-hermitt@jamstockex.com
tamieka.ricketts@jamstockex.com

ARRANGER & LEAD BROKER

Barita Investments Limited
15 St. Lucia Way
Kingston 5

Tel: 876-926-2681
Fax: 876-929-8432

Primary Contact
Ms. Terise Kettle
Email: t.kettle@barita.com

AUDITOR

McKenley & Associates
Unit 11 Seymour Park
2 Seymour Park
Kingston 6

Tel: 876-978-9789

Primary Contact
Mr.Wilfred McKenley
Email: wilfred.mckenley@wmckenley.com

SELLING AGENTS

Barita Investments Limited
Proven Wealth Limited
Scotia Investments (Jamaica) Limited
Jamaica Money Market Brokers Limited
JN Fund Managers Limited
Sagicor Investments Jamaica Limited

Letter to Prospective Investors

05

December 14, 2020

Dear Prospective Investor,

THE COVID-19 PANDEMIC

The COVID-19 pandemic has made 2020 a difficult year for many individuals, families and businesses in Jamaica and across the globe. Derrimon extends its deepest sympathies to all who have been negatively affected by the virus.

Upon recognizing the potential impact of COVID-19 Derrimon implemented its disaster planning contingency to mitigate as best as possible the challenges arising due to the COVID-19 pandemic and the necessary measures implemented by authorities to limit its spread.

Many of the sectors in which Derrimon operates are essential for day to day life, although that may make our business more resilient in times of stress, it also means that some of our team members were required to attend to our retail locations and outlets and managed our distribution centres. I wish to extend gratitude to all team members of the Derrimon Group who have continued to operate effectively throughout the COVID-19 pandemic.

EXISTING SHAREHOLDERS

For the six month period commencing May 19, 2020 and ending November 19, 2020 the Derrimon stock price has increased by 23.76% moving from J$2.02 to J$2.50. We have also paid a dividend on October 27, 2020 of J$0.012 per share which represents an increase of approximately 20.10% from the prior year's dividend.

Although this Invitation is being made to the General Public and not by way of a rights issue, we have made the deliberate decision to reserve a significant portion of the New Ordinary Shares being offered to our Existing Shareholders at a discounted price.

As at the date of this Prospectus, the Board of Derrimon owns more than 60.00% of the issued share capital of the Company. If fully subscribed, that percentage will decrease, that however is not a signal of lack of confidence, in fact based on the use of proceeds particularly to fund growth by acquisition and also to repay debt, we believe that this Invitation if fully subscribed is likely to increase the economic value of Derrimon's shares.

REPAYMENT OF INDEBTEDNESS

Derrimon has grown through the use of debt. A significant amount of the proceeds will be used to reduce existing indebtedness and therefore reorganizing the Company's capital structure so that a higher percentage of the Company's cash-flows will translate into benefits for shareholders.

OPPORTUNITIES FOR GROWTH

Derrimon through its Sampars platform has been a significant player in facilitating online purchases of groceries. The COVID-19 pandemic has accelerated the adoption of digitization by local consumers. We expect that a significant percentage of consumers are likely to turn to digital mediums to purchase their essentials. Derrimon is well prepared to take advantage of this secular growth.

In addition to organic growth, Derrimon has a long history of successfully acquiring and integrating other businesses. Sampars Cash 'N' Carry was acquired by Derrimon in 2009. Derrimon's most recent acquisition was Woodcats International Limited which was completed in 2018.

The COVID-19 pandemic has caused prices of many assets to contract. Derrimon is presently evaluating two (2) potential acquisitions in the United States of America. If these potential acquisitions are consummated Derrimon is likely to realise significant synergies from vertical integration of those businesses with its existing business lines. Although there is no guarantee that these two (2) transactions will in fact be completed, we are reasonably confident of completing a transaction(s) in the same industry within the next six (6) months.

HOW TO SUBSCRIBE FOR NEW ORDINARY SHARES

We hope that existing and prospective investors will join the Company in this exciting new phase of its development. Those investors who are interested in subscribing for New Ordinary Shares should read the Prospectus in its entirety and the full terms and conditions of the Invitation set out in Section 6, and then complete the Application Form set out in Appendix 1 or apply online through Barita BOSS at www.baritaboss.com.

Yours sincerely,
For and on behalf of the Company

/s/ Derrick Cotterell
Chairman and Chief Executive Officer

The Invitation

06

6.1 General Information

6.1.1 The Company invites the General Public to subscribe for up to 1,498,698,931 New Ordinary Shares in the capital of the Company, subject to the terms and conditions of this Prospectus. The New Ordinary Shares will, upon issue rank pari passu in all respects with the Company's issued and fully paid Ordinary Shares.

(a) Issued and fully paid shares at the date of this Prospectus:

Ordinary Shares	2,733,360,670
Preference Shares	175,000,000
TOTAL	**2,908,360,670**

(b) Total Issued and fully paid Ordinary Shares in the event that the Invitation is fully subscribed:

Total before subscription of shares in the Invitation	2,733,360,670
Non-Reserved Shares (General Public)	484,513,306
Reserved Shares	1,014,185,625
Total after subscription of shares in the Invitation[1]	**4,232,059,601**

6.1.2 All the Non-Reserved Shares (General Public) are priced at the Invitation Price of $2.40 per New Ordinary Share payable in full on Application. Each New Ordinary Share forming the Reserved Shares Pool are priced as follows: (i) Existing Shareholders or Derrimon Team Member Reserved Shares at J$2.20; (ii) Key Investors Reserved Shares, Lead Broker's Clients Reserved Shares at J$2.40; and (iii) Non-Reserved Shares (General Public) are priced at J$2.40.

6.1.3 Reserved Share Applicants are the **persons (referred to herein) who are entitled to subscribe for Reserved Shares.** The Invitation will be with respect to up to 1,498,698,931 New Ordinary Shares, but the Directors reserve the right to elect to upsize the number of New Ordinary Shares made available for subscription by no more than 301,301,069 additional New Ordinary Shares in the event that the Invitation is oversubscribed.

1 See Sub-Section 6.2 for information on the Option to Upsize.

6.1.4 The Reserved Shares are initially reserved for priority application from and subscription by Reserved Share Applicants at the abovementioned prices.

6.1.5 If any of the Reserved Shares comprising any of the reserved pools are not fully subscribed for by the Reserved Share Applicants comprised within the respective pools (hereinbefore described), such Reserved Shares will be allocated, and made available, to the Non-Reserved Share Pool and form part of the New Ordinary Shares available for allotment to Non-Reserved Share Applicants (General Public) at the Price applicable to the Non-Reserved Share Applicants (General Public).

6.2 Option to Upsize

6.2.1 If the Invitation for New Ordinary Shares is oversubscribed, the Company may take any or a combination of the following actions:

1. Elect at any time prior to the closing of the Invitation or on the Closing Date, to upsize by making up to 301,301,069 additional New Ordinary Shares available for subscription by Applicants, bringing the maximum size of the Invitation to 1,800,000,000 New Ordinary Shares. In the event that the Company exercises its option under this paragraph, it shall make reference thereto in any announcement it issues, for the purposes of the closing of the Invitation and the publication of the basis of allotment following the Closing Date. This is not a guarantee that the Company will exercise the option to upsize.

2. Allot the New Ordinary Shares on a first come, first served basis, however, if the Invitation is oversubscribed, the Company reserves the right to allot the New Ordinary Shares to Applicants on a basis to be determined by it, in its sole discretion, including on a pro rata basis. In this case, Applicants may be allotted fewer New Ordinary Shares than they applied for.

6.3 Timing

6.3.1 The Subscription List will open at 9.00 a.m. on January 6, 2021 (the “Opening Date”) and will close on January 26, 2021 at 4.30 p.m. or such other date as may be fixed by the Board, (the “Closing Date”), subject to the Company’s right to close the Subscription List at any time without notice, if Applications have been received for the full amount of the New Ordinary Shares the subject of the Invitation. Applications are due within the period commencing on the Opening Date and ending on the Closing Date.

6.3.2 The Invitation will close at 4:30 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens at 9:00 a.m. on the Opening Date once the Invitation is fully subscribed; or (b) extend the period during which the Invitation will remain open for any reason, subject to satisfying any applicable restrictions in the Companies Act, 2004. In the case of the extension of such period or an early closing, notice will be posted on the website of the JSE at www.jamstockex.com.

6.3.3 Subject to the provisions in this Prospectus, the Company reserves the right to extend the period during which the Invitation will remain open. Allocations may be made at the Company’s sole discretion, six (6) days after the Invitation is closed, and an announcement will be made informing of the allocation of New Ordinary Shares to successful Applicants.

6.4 Application Procedures and Terms and Conditions of Invitation

6.4.1 Applications must be made either: (i) using the original of the Application Form set out at Appendix 1 of this Prospectus, which is available for download from the websites of the JSE at www.jamstockex.com or the Lead Broker at www.barita.com; or (ii) by way of Barita BOSS, the Lead Broker's online application portal, which can be accessed at www.baritaboss.com

6.4.2 If you apply via Barita BOSS, you must follow the instructions set out in Appendix 1. If you choose to apply using a paper Application Form, your duly completed and signed Application Form along with the required supporting documents (set out below) must be delivered to the locations specified at Appendix 4 of this Prospectus on or before 4:30 p.m. on the Closing Date. Your Application will be deemed incomplete if the required supporting documents are not included.

6.4.3 Each paper Application Form must be accompanied by:

1. For all individual Applicants a copy of: (i) valid identification (Driver's Licence, Passport or National Identification (ID); and (ii) in the case of Reserved Share Applicants a relevant ID (if applicable), or such other relevant information as may be required to confirm eligibility as a Reserved Share Applicant;

2. Copy of Taxpayer Registration Number card for all Applicants resident in Jamaica; and

3. Evidence of payment for the full amount of the Invitation Price payable for the New Ordinary Shares applied for, using an Approved Payment Method, along with a JCSD processing fee of J$172.50 where the Application is not submitted using Barita BOSS.

6.4.4 Each Application for New Ordinary Shares must be for a minimum of 1,000 New Ordinary Shares and amounts above this shall be in multiples of 100 New Ordinary Shares.

6.4.5 Payment for the full amount of the Invitation Price for the New Ordinary Shares applied for must be remitted to the Lead Broker or Selling Agent, as the case may be, to which the Application Form has been submitted.

6.4.6 An Approved Payment Method shall be any of the following:

1. Manager's cheque payable to the Applicant's stockbroker, Barita Investments Limited and/or any of the approved Selling Agents for amounts less than J$1,000,000.00;

2. Cleared funds held in an equity/investment account in the Applicant's name at Barita supported by an authorization from the Applicant instructing Barita to transfer the payment to their Barita JCSD account;

3. Transfer from the Applicant's account held with the Applicant's stockbroker;

4. Transfer in the Real Time Gross Settlement (RTGS) system to the Applicant's stockbroker and/ or Barita to:

FIRSTCARIBBEAN INTERNATIONAL BANK (JAMAICA) LIMITED
SWIFT CODE: FCIBJMKN
Bank Name: FirstCaribbean International Bank (Jamaica) Limited
Branch: New Kingston Branch, 23 – 27 Knutsford Boulevard, Kingston 5
Account Name: Barita Investments Limited
Chequing Account Number: #1002277967

Payment Reference: “Applicant’s Name” - Derrimon APO

5. Transfer via the Automated Clearing House (ACH) to the Applicant’s stockbroker.

A penalty of J$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager’s cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00.

6.4.7 Each Applicant acknowledges and agrees that:

1. He/she/it has been afforded a meaningful opportunity to review the Prospectus (including the terms and conditions in this Section 6), and to gather and review all additional information considered by him/her/it to be necessary to verify the accuracy of the information contained in this Prospectus;

2. He/she/it has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her/its investment decision; and

3. No person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied on in submitting his/her/it Application Form.

6.4.8 Applicants will be deemed to have accepted the terms and conditions of this Invitation and any other terms and conditions set out in this Prospectus.

6.4.9 All Application Forms will be time stamped for processing in the order in which they were received. Application Forms that meet the requirements set out in this Prospectus will be accepted on a first come first served basis. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date.

6.4.10 For the purposes of paragraph 6.4.9 above, the Company; in its sole discretion, may:

1. Accept or reject any Application Form in whole or part without giving reasons, and neither they (nor any of them) nor the Company shall be liable to any Applicant or any other person for doing so; and

2. Allot New Ordinary Shares to Applicants on a *pro-rata* or other basis if the Invitation is oversubscribed prior to the closing of the Subscription List.

6.4.11 Neither the submission of an Application Form by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of New Ordinary Shares by the Company to an Applicant (whether such New Ordinary Shares represent all or part of those specified by the Applicant in his/her/it Application Form) will result in a binding contract under which the

Applicant will be deemed to have agreed to subscribe for the number of allotted New Ordinary Shares at the Subscription Price, subject to these terms and conditions.

6.4.12 The Board, in their sole discretion, may accept (in whole or in part) or reject, in whole or in part, any Application to subscribe for New Ordinary Shares, even if the Application is received, validated and processed. Accordingly, the number of New Ordinary Shares allocated to you may be reduced.

6.4.13 New Ordinary Shares alloted to successful Applicants will be deposited the JCSD account specified in their Application. Applicants may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date.

6.4.14 The Company will return cheques for the amounts refundable to Applicants whose Application Forms are not accepted, or whose Application Forms are only accepted in part, to the Applicant's address shown in the Application Form within ten (10) working days after the Closing Date (or the extended Closing Date, as the case may be). If an Applicant so indicates on his Application Form, the refund cheque will be sent to Barita Investments Limited for collection by the Applicant (or the first-named joint Applicant) stated in the Application Form. Please note that the J$172.50 JCSD processing fee (inclusive of GCT) will not be refunded to an Applicant in the event that the Company refunds payments received for New Ordinary Shares.

6.5 Additional Information on Reserved Shares

6.5.1 At the annual general meeting of the Company held on September 25, 2020, the Shareholders of the Company authorised the Company to issue up to 1,800,000,000 Ordinary Shares in an additional public offering ("APO"). The Board or a committee of the Board was further authorised to determine the terms and conditions relating to the additional public offer. At a meeting of the Board held on October 2, 2020 the Directors approved the terms and conditions relating to this Invitation and made the Invitation subject to the Prospectus.

6.5.2 As set out in the Prospectus the Directors have made the determination that 1,014,185,625 New Ordinary Shares should be reserved as follows: (a) 484,387,164 New Ordinary Shares for Existing Shareholders or Derrimon Team Members; (b) 378,427,472 New Ordinary Shares for Key Investors; and (c) 151,370,989 New Ordinary Shares for Lead Broker's Clients.

6.5.3 If any of the Reserved Shares comprising any of the reserved pools are not fully subscribed for by the Reserved Share Applicants, such Reserved Shares will be allocated, and made available, to the Non-Reserved Applicants (General Public).

6.5.4 Among Reserved Share Applicants are Key Investors. The Directors believe that in reserving shares for Key Investors, such as the Lead Broker, the Company will be better able to bring in persons that will adopt a longer-term perspective with regard to their shareholding in the Company. This in turn can have a stabilising effect on the Company's stock price.

6.5.5 Also among the Reserved Share Applicants are the Lead Broker's Clients. The Directors believe that in reserving shares for the Lead Broker's Clients, potentially, new shareholders that may not have been exposed to the Company may now have an opportunity to participate in the Company's future, therefore broadening the potential basis of shareholders.

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Information about the Company

7.1 Overview of the Company

7.1.1 Derrimon Trading Company Limited ("Derrimon" or the "Company") was incorporated as a private company limited by shares on December 21, 1998. By special resolution passed in the fourth quarter of 2013 the Company converted from a private to a public company and adopted new Articles of Incorporation consistent with the requirements of the JSE. The Company's Ordinary Shares were listed on the Junior Market on December 17, 2013.

7.1.2 The Company has no parent company. The Company has two (2) subsidiaries, namely:

Caribbean Flavours and Fragrances Limited ("CFF") in which it holds 62.02% of the issued share capital.

&

Woodcats International Limited ("Woodcats") in which it holds 100.00% of the issued share capital.

7.1.3 The Company also has a 60.00% interest in the Select Grocers Supermarket pursuant to a joint venture arrangement.

7.2 The Company's Businesses

7.2.1 The Company operates broadly in three (3) segments, namely:

Distribution – The Company distributes Fast Moving Consumer Goods (FMCG) including products from prominent brands such as Nestle, Sun Powder, Blue Power, Golden Brand, Busta, Chubby and Kool Kidz.

Retail and Wholesale – The Company operates seven (7) wholly-owned Sampars Cash 'N' Carry, Outlets and Supermarkets. The Company also operates the Select Grocers Supermarket under a joint venture arrangement.

Other Operations – The Company manufactures wooden pallets and other by-products of wood such as mulch through its wholly-owned subsidiary Woodcats. Additionally the company manufactures flavours for the beverage, confectionery and baking industries as well as fragrances for household, general cleaning and santitation purposes through its subsidiary CFF.

7.3 Distribution

A. Distribution of Nestlé Products in Jamaica

7.3.1 In 2002, the Company was appointed one of Nestlé Jamaica Limited's four (4) regional sub-distributors in Jamaica. Nestlé Jamaica Limited permits the Company to co-distribute Nestlé products as well as to utilize the Company's retail operations for direct sales to small shops, restaurants, caterers, amongst others.

B. Importation and Wholesale Distribution of Rice, Margarine and Detergents

7.3.2 In October 2006, the Company established a specialized division for the importation and distribution of rice, for sale to supermarkets and other wholesale customers. The Company also exclusively distributes its own Delect brand of long grain polished white rice along with other rice brands.

7.3.3 The Company continues to be the exclusive distributor of the Sun Power and Ozon range of detergents and disinfectants and Golden Brand margarine.

C. Distribution of Cold Food Items

7.3.4 In 2007, the Company launched its cold store division offering meats and seafoods, frozen french fries, frozen vegetables and similar food items. In 2011, the Company purchased a proprietary cold storage facility to support this line of its business.

D. Distribution of S.M. Jaleel Products in Jamaica

7.3.5 In September 2018, the Company became the exclusive Jamaican distributor of soft drinks manufacturer S.M. Jaleel Limited. In addition to distribution, the Company provides logistic support for S.M. Jaleel Limited's soft drinks, juice-flavoured beverages and energy drinks under the brands of Busta, Fruta, Kool Kidz and Turbo. The Company continues to distribute cold beverage products (juice and dairy) throughout Jamaica in the parishes of Kingston, Saint Andrew, Saint Catherine, Saint Thomas, Saint Ann, Saint Mary, Clarendon and Manchester.

7.4 Retail and Wholesale

A. 7.4.1 The Sampars Cash 'N' Carry business was originally established by Grace Kennedy Limited as Grace Cash and Carry in 1974. Grace Kennedy Limited sold the business in 1982, and its new owners renamed it Sampars Cash 'N' Carry. The Company acquired the business and assets of Sampars Cash 'N' Carry Limited in 2009 from the then owners, and established it as a separate trading division of the Company. The Company's retail operations have been expanded since then to include seven (7) Sampars locations in: Kingston, Saint Andrew, Saint Catherine, Manchester and Saint Ann.

B. 7.4.2 The Company has a 60.00% interest in the Select Grocers Supermarket located in Upper Manor Park Plaza in Saint Andrew pursuant to a joint venture arrangement.

7.5 Other Operations

7.5.1 The Company owns or controls the following entities:

A. Caribbean Flavours and Fragrances Limited

7.5.2 The Company owns approximately 62.02% of Caribbean Flavours and Fragrances Limited. CFF's primary business is the manufacture and distribution of flavours for the beverage, confectionery and baking industries. CFF also distributes fragrances primarily for household and general cleaning and sanitation purposes.

7.5.3 The ordinary shares of CFF are listed on the Junior Market.

B. Woodcats International Limited

7.5.4 On September 18, 2018 the Company acquired 100.00% of the issued share capital of Woodcats. Woodcats manufactures wooden pallets and other by-products of wood such as mulch and distributes plastic pallets.

7.6 Applicable Regulatory Regime

The business of the Company is not currently regulated. However, the Company's Ordinary Shares and the 2021 Preference Shares are each listed on the JSE. The Ordinary Shares of the Company are listed on the Junior Market, therefore the Company is subject to the Junior Market Rules which, amongst other things, require it to issue unaudited quarterly financial information and also, audited annual financial information as well as timely announcements, and to maintain certain standards of good corporate governance.

7.7 Litigation

As at the date of this Prospectus, there were no material litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings.

7.8 Insurance Arrangements

The Company maintains the following insurances:

A. Commercial All Risks to cover physical loss or damage to the Company's: (i) property at 235 Marcus Garvey Drive including stock of dry goods of all descriptions and FF&E for a total insured value of J$161.50 million; (ii) property at 8 – 10 Brome Close; (iii) stock of all descriptions in cold storage plant, machinery and equipment for a total insured value of J$180.40 million.

B. Commercial All Risks to cover physical loss or damage to the Company's goods in transit. The total insured value is J$300.00 million.

C. Wholesaler's Package Policy to cover various risks including property, consequential loss, loss of money, public liability and employer's liability relating to the Company's retail and wholesale operations.

Use of Proceeds

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8.1 Gross Proceeds

If this Invitation is fully subscribed the gross proceeds will be approximately J$3.50 billion of which approximately J$205.25 million is expected to be used to pay transaction costs. The net proceeds from the Invitation is therefore expected to be J$3.29 billion. If the option to upsize is fully exercised the gross proceeds will further increase. The maximum by which the gross proceeds may increase by way of exercise of the option to upsize is J$723.12 million for a total gross proceeds sum of J$4.22 billion.

8.2 Use of the Proceeds

8.2.1 The Company will use the proceeds for two (2) main purposes. The first is to facilitate growth and the second is to reduce indebtedness. In respect of growth, the Company has identified two (2) potential acquisitions in the United States of America. If those potential acquisitions are consummated Derrimon is likely to realise significant synergies from vertical integration of those businesses with its existing business lines. In the event the Company is not able to arrive at a definitive agreement for the acquisition of one or the other of these potential acquisitions, the Company is still reasonably confident of completing a transaction(s) in the same industry within the next six (6) months.

8.2.2 In the unlikely situation the Company is neither able to close the potential acquisitions or any other acquisition in the industry the Company will use the proceeds to expand organically rather than by acquisition.

8.2.3 The Company will also use the proceeds to facilitate the build out of its newest location at Millennium Mall, Curatoe Hill in Clarendon.

8.2.4 The Company will also use the proceeds to repay existing indebtedness.

8.2.5 The table below summarises the use of the proceeds:

EXPECTED USE OF PROCEEDS	J$ AMOUNT
Reduction of Indebtedness	1,200,000,000.00
Potential Acquisition of Businesses in the United States	1,110,000,000.00
Expansion of Retail Location in Clarendon, Jamaica	500,000,000.00
Working Capital Support	284,750,000.00
Transaction Costs	205,250,000.00
Expansion of Delect Brand and Product Lines	200,000,000.00
TOTAL	**3,500,000,000.00**

8.2.6 For more information on the Expected Use of Proceeds see the Company's Strategic Initiatives at Sub-Section 14.4.

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Share Capital Structure

9.1 Authorised and Issued Share Capital

9.1.1 As at the date of this Prospectus the authorised and issued share capital of the Company are as follows:

	Ordinary Shares	Preference Shares
Authorised	7,675,400,000	525,000,000
Issued	2,733,360,670	175,000,000

9.1.2 At the annual general meeting of the Company held on September 25, 2020 the Shareholders of the Company authorised the Company to issue up to 1,800,000,000 Ordinary Shares in an additional public offering. The Board and/or any duly appointed Committee of the Board was further authorised to determine the terms and conditions relating to the additional public offer.

9.1.3 At a meeting of the Board held on October 2, 2020 the Directors, on the recommendation of Management approved the terms and conditions proposed by Barita in its capacity as Arranger and Lead Broker relating to this Invitation and made the Invitation subject to the Prospectus.

9.2 Issued Ordinary Share Capital Post-Invitation

9.2.1 If this Invitation is fully subscribed the Issued Ordinary Share Capital will be as follows:

Description	Ordinary Shares	Amount Paid in Capital (J$)
Existing Ordinary Shares	2,733,360,670	140,044,000.00
Non-Reserved New Ordinary Shares (General Public)	484,513,306	1,162,831,934.40
Reserved Shares	1,014,185,625	2,337,168,067.20
Total	**4,232,059,601**	**3,640,044,001.60**

9.2.2 If this Invitation is fully subscribed the Shareholdings will be as follows:

Description	Ordinary Shares	Amount Paid in Capital (J$)
Existing Ordinary Shares	2,733,360,670	140,044,000.00
Non-Reserved New Ordinary Shareholders (General Public)	484,513,306	1,162,831,934.40
Reserved Shares		
(a) Existing Shareholders and Derrimon Team Members	484,387,164	1,065,651,760.80
(b) Key Investors	378,427,472	908,225,932.80
(c) Lead Broker's Clients	151,370,989	363,290,373.60
Total	**4,232,059,601**	**3,640,044,001.60**

9.3 Top Ten Shareholdings Pre-Invitation and Post-Invitation

9.3.1 As at September 30, 2020 the holders on the register with the ten (10) largest holdings of Existing Ordinary Shares are as follows:

A. Pre-Invitation (September 30, 2020):

Top 10 Shareholders	No. of Shares	% Shareholding
Derrick Cotterell	1,113,797,633	40.75%
Mayberry Jamaican Equities Limited	439,859,497	16.09%
Monique Cotterell	400,000,000	14.63%
Ian C. Kelly	157,373,169	5.76%
Estate of E. Cotterell (Deceased)	100,000,000	3.66%
Winston Thomas	72,351,180	2.65%
JCSD Trustee Services A/C Barita Unit Trust Capital Growth Fund	59,850,923	2.19%
Sharon Harvey-Wilson	29,163,580	1.07%
Sagicor Pooled Equity Fund	27,756,920	1.02%
Sagicor Select Fund – (‘Class C’ Shares) Manufacturing & Distribution	22,600,000	0.83%
Sub-total	**2,422,752,902**	**88.64%**
Other Shareholders	310,607,768	11.36%
Total	**2,733,360,670**	**100.00%**

B. Post-Invitation (assuming all New Ordinary Shares are subscribed for in full)

Top Ten (10) Shareholders	Number of Shares	% Shareholding
Derrick Cotterell	1,113,797,633	26.32%
Mayberry Jamaican Equities Limited	439,859,497	10.39%
Monique Cotterell	400,000,000	9.45%
Ian C. Kelly	157,373,169	3.72%
Estate of E. Cotterell (Deceased)	100,000,000	2.36%
Winston Thomas	72,351,180	1.71%
JCSD Trustee Services A/C Barita Unit Trust Capital Growth Fund	59,850,923	1.41%
Sharon Harvey-Wilson	29,163,580	0.69%
Sagicor Pooled Equity Fund	27,756,920	0.66%
Sagicor Select Fund – ('Class C' Shares) Manufacturing & Distribution	22,600,000	0.53%
Sub-total	**2,42,752,902**	**57.25%**
Other Shareholders	310,607,768	7.34%
Reserved Shareholders: (a) Existing Shareholders and Derrimon Team Members	484,387,164	11.45%
(b) Key Investors	378,427,472	8.94%
(c) Lead Broker's Clients	151,370,989	3.58%
Sub-total	**1,014,185,625**	**23.96%**

Non-Reserved Shares (General Public)	484,513,306	11.45%
Total (after subscription of shares under the Invitation)	**4,232,059,601**	**100.00%**

10 Dividend Policy

10.1 Ordinary Shares

10.1.1 Over the last three years the Company has paid dividends on its Ordinary Shares as follows:

Date of Dividend Declaration	Payment Date	Dividend per Share	Gross Dividend Amount
July 25, 2018	August 17, 2018	J$0.07 pre-stock split	J$19.10 million (audited)
November 14, 2019	December 9, 2019	J$0.01	J$27.30 million (audited)
October 2, 2020	October 27, 2020	J$0.012	J$32.80 million (estimated)

10.2 2021 Preference Shares

10.2.1 The Company pays a preferential dividend quarterly in arrears on the final Business Day of March, June, September, and December.

10.3 Proposed Dividend Policy

10.3.1 The Directors expect the Company's short and medium term investments and strategic plans to result in growth of its profits and distributable reserves. In the near future the Directors anticipate adopting a formal dividend policy to pay a semi-annual dividend of at least 30.00% of the annual distributable reserves.

10.3.2 The statement of proposed Dividend Policy should not be construed as a dividend forecast or a guarantee. See Risk Factors at 15.34 for risk factors relating to the Proposed Dividend Policy.

The Auditor's Report

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11 THE AUDITOR'S REPORT

11.1 The Auditor's Report of McKenley & Associates, Chartered Accountants is set out at pages 101 to 106 in Appendix 2 hereto.

11.2 McKenley & Associates, has consented to and not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditor's Report, and the complete audited financial statements of the Company for the financial year ended December 31, 2019, and their name in the form and context in which it is included. The Auditor's Consent is set out at Appendix 5 hereto.

The Board of Directors of the Company and their Interests in the Company

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12.1 Board of Directors of the Company

Brief biographical details of the Directors of the Company are set out below. The Directors' addresses are set out in paragraph (c) of Sub-Section 16.1 hereto.

Derrick Cotterell

Chairman & Chief Executive Officer

Derrick Cotterell is Derrimon's founder, Chairman and Chief Executive Officer. As Chairman and Chief Executive Officer, Derrick is responsible for the strategic direction and growth of the Company. Derrick has significant experience in general management, sales, marketing, and procurement. He is also the Managing Director of Caribbean Flavours and Fragrances Limited. He is a member of the Board for Dupont Primary, and serves as a Director of the Governor General of Jamaica's "I Believe Initiative" which seeks to improve the lives of young Jamaicans. He is also a Deacon at his Church.

Derrick is a graduate of the University of the West Indies and Florida International University, where he obtained a Bachelor of Science in Management Studies and a Master of Business Administration respectively.

Monique Cotterell

Company Secretary & HR Director

Monique serves as Company Secretary and Human Resource Director of the Company. She brings extensive experience in the services and retail industries; in particular, customer service delivery. Monique also serves as a Director of the Rescue Package Foundation.

She holds a Bachelor of Science in Business Administration from the University College of the Caribbean (UCC).

Ian Kelly

Chief Financial Officer

Ian is adept at finance and risk management with senior level experience in treasury, asset management, correspondent banking, corporate finance and securities trading. He serves as Group Chief Financial Officer for the Derrimon Group and Divisional Director for Sampars. Ian is also the Chief Financial Officer and Company Secretary for Caribbean Flavours and Fragrances Limited and Woodcats International Limited.

He is a Certified Public Accountant (CPA) and holds both Bachelor and Master of Science degrees in Accounting from The University of the West Indies. Ian also completed the Executive Development Program at Wharton Business School at the University of Pennsylvania. He serves on several Boards which include TyDixon Primary School, Reggae Marathon, FosRich Group of Companies Limited, Caribbean Flavours and Fragrances Limited, Woodcats International Limited and he is the Chairman of The Governor General Jamaica Trust.

Winston Thomas

Non-Executive Director

Winston has over 30 years of expertise in the distribution industry, with significant experience in Fast Moving Consumer Goods (FMCG). These include, bulk products, beverages, and international household brands. Winston was previously an Executive Director where he served the Company in the capacity of Chief Operating Officer.

He holds a Bachelor of Science in Management Studies from the University of the West Indies.

Earl Anthony Richards, C.D.

Non-Executive Director

Earl is adroit in strategic planning, general management and operations. He has a long history of public service and received the Order of Distinction - Commander Class (CD) for Public Service in 2002.

He is a past President of the Airport Authority of Jamaica and former Chief Executive Officer of the Norman Manley International Airport (NMIA) Limited.

Earl is a graduate of the University of Toronto with a Bachelor of Applied Science in Civil Engineering. He also received a Master of Business Administration from the University of the West Indies.

Alexander I.E. Williams

Non-Executive Director

Alexander is an Attorney-At-Law with specialization in civil litigation, constitutional law claims, commercial litigation, judicial review of administrative action and industrial relations and labour law. He maintains a private practice and is a member of the Jamaican Bar Association.

He serves as the Chairman of the Jamaica Anti-Doping Commission, Chairman of the Land Divestment Advisory Committee, Chairman of the Land Information Counsel of Jamaica and Chairman of the Tax Incentive Committee of the Urban Development Corporation.

Paul Buchanan Jr.

Non-Executive Director

Paul is an experienced Investment Professional who brings years of experience in portfolio management, client acquisition, sales and marketing. He's currently the Managing Director of Manwei International Limited and Chief Investment Officer of Cadre Investments Company Limited. He also sits on the Board of WILCO Finance Limited.

Paul holds a Bachelor of Business Administration, majoring in Finance, from The University of Technology, Jamaica.

12.2 Corporate Governance

The Board has two (2) committees. The members of each committee of the Board are as follows:

Audit Committee	Human Resources and Compensation Committee
Earl Anthony Richards, C.D. (Independent Chairman)	Alexander I.E. Williams (Independent Chairman)
Paul Buchanan Jr. (Independent Director)	Monique Cotterell (Executive Director)
Ian Kelly (Executive Director)	Winston Thomas (Independent Director)

12.3 Shareholdings of Directors

As at September 30, 2020 the following directors have the following interest in shares in the Company:

Name of Director	Number of Shares	Percentage of Issued Share Capital
1. Derrick Cotterell	1,113,797,633	40.75%
Connected Party: Mrs. Monique Cotterell	400,000,000	14.63%
Combined:	**1,513,797,633**	**55.38%**
2. Ian Kelly	157,373,169	5.76%
3. Winston Thomas	72,351,180	2.65%

4. Earl Anthony Richards and Elaine Richards	5,325,000	0.18%
5. Monique Cotterell	400,000,000	14.63%
Connected Party: Derrick Cotterell	1,113,797,633	40.75%
Combined:	**1,513,797,633**	**55.38%**
6. Alexander I.E. Williams	500,000	0.02%
7. Paul Buchanan Jr.	300,000	0.02%

12.4 Mentor

The Company continues to abide by the rules of the Junior Market. The Company's mentor is Mrs. Tania Waldron-Gooden. Mrs. Gooden was a non-executive director of the Company's Board from January 1, 2014 up until October 30, 2019.

12.5 Directors' Fees and Management Remuneration

For the financial year ended December 31, 2019, Directors' Fees totalled J$780,000.00 and Management Remuneration totalled J$48.90 million.

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Presentation of Current and Historical Financial Information

13.1. Derrimon Group's Five-Year Consolidated Statement of Comprehensive Income

13.1.1 The Derrimon Group's Audited Financial Statements for the year ended December 31, 2019 are set out at Appendix 2 hereto. The Derrimon Group's audited financial statements for the financial years ended December 30, 2015 to December 30, 2018 are available on the website of the Jamaica Stock Exchange at www.jamstockex.com.

The Table below shows the five-year summary of the Derrimon Group's Consolidated Statement of Comprehensive Income as extracted from its Audited Financial Statements.

Derrimon Trading Company Limited | Consolidated Statement of Comprehensive Income

	31-Dec-15 J$'000	31-Dec-16 J$'000	31-Dec-17 J$'000	31-Dec-18 J$'000	31-Dec-19 J$'000
Trading Income	**6,293,998**	**6,176,928**	**6,723,810**	**9,303,460**	**12,649,017**
Less Cost of Sales	(5,460,667)	(5,242,449)	(5,388,010)	(7,612,427)	(10,370,183)
Gross Profit	**833,331**	**934,479**	**1,335,800**	**1,691,033**	**2,278,834**
Other Income	7,562	18,679	257,128	66,248	37,767
	840,893	953,158	1,592,928	1,757,281	2,316,601
Less Operating Expense:					
Administrative	(538,262)	(561,460)	(1,005,566)	(1,069,495)	(1,279,414)
Selling & Distribution	(164,025)	(177,952)	(135,665)	(233,718)	(408,265)
	(702,286)	(739,412)	(1,141,231)	(1,303,213)	(1,687,679)
Operating profit before finance costs	**138,607**	**213,745.8**	**451,697**	**454,068**	**628,922**
Finance Income	659	795	-	-	15,408
Finance Costs	(87,084)	(136,621)	(169,901)	(172,223)	(298,604)
Share of Profit of Associated Company	35,950	38,187	-	-	-
Profit before Taxation	**88,130**	**116,107**	**281,796**	**281,845**	**345,726**
Taxation	-	-	-	(4,632)	(43,018)
Net Profit	**88,130**	**116,107**	**281,796**	**277,213**	**302,708**
Net Profit Attr. to Shareholders	**88,130**	**116,107**	**252,369**	**249,120**	**209,708**

13.1.2 For the Financial Year ended December 31, 2019 the Derrimon Group recorded total Revenue of J$12.65 billion compared to J$9.30 billion in Revenue for the 2018 Financial Year. This represents a 35.96% year-on-year increase in total Revenue.

13.1.3 From the period commencing January 1, 2018 to December 31, 2019 the Derrimon Group's total Revenue grew by a Compounded Annual Growth Rate (CAGR) of 37.16%, from J$6.72 billion for the Financial Year ended 2017 to J$12.65 billion for Financial Year ended 2019.

13.1.4 The exponential increase in Revenue over the past three (3) financial years is as a result of:

a. In September 2018, the Company became the island-wide exclusive distributor for S.M. Jaleel & Company Limited's soft drinks, juices, juice-flavoured beverages and energy drinks;

b. In September 2018, the Company acquired 100.00% of the issued share capital of Woodcats International Limited; and

c. Organic growth in the Company's core distribution and retail businesses.

13.1.5 The Derrimon Group's Cost of Sales was J$10.37 billion for the 2019 Financial Year compared to J$7.61 billion for the 2018 financial year. This represents a year-on-year increase of approximately 36.23% which is in-line with the increase in Revenue. The Derrimon Group's Gross Profit for the 2019 Financial Year was J$2.28 billion, which is an increase of approximately 34.76% from the 2018 Financial Year when the Derrimon Group recorded Gross Profit of J$1.69 billion.

13.1.6 The Gross Profit Margin for the 2019 Financial Year was approximately 18.02%, a slight decrease of roughly 0.16% relative to 18.18% for the 2018 Financial Year. The decrease in Gross Profit Margin was mainly due to trade discounts within the beverage space given market changes.

13.1.7 The Derrimon Group's Administrative Expenses totalled J$1.28 billion for the 2019 Financial Year, an increase of approximately 19.63% from the J$1.07 billion reported for the 2018 Financial Year. This increase was due largely to an increase in staff costs, comprising salaries and wages, staff welfare and contract services, and the depreciation for rights of use of leased assets. Selling and Distribution Expenses were J$408.27 million in 2019 Financial Year, up about 74.68% from the J$233.72 million reported for the 2018 Financial Year. This increase was due largely to the full year's impact of the new beverage portfolio and increases in trucking, delivery and warehousing expenses. The 2018 financial report included only four (4) months of expenses as the addition of the new beverage distribution commenced in September 2018. The full year's impact on sales commissions resulted in a year-on-year increase of approximately 63.00%.

13.1.8 The Derrimon Group's Operating Profit for the 2019 Financial Year was J$628.92 million, compared to J$454.07 million for the 2018 Financial Year. This represents a 38.51% increase year-on-year. Finance Costs recorded for the 2019 Financial Year was J$298.60 million compared to J$172.22 million reported in the 2018 Financial Year representing a 73.38% increase. This increase was due to increased interest expenses associated with the use of lines of credit, preference dividends, loans associated with major asset purchases and bank charges. Also, lease liability interest expense recorded for the 2019 Financial Year was J$78.56 million. The Derrimon Group ended the 2019 Financial Year with J$302.71 million in Net Profit, an improvement of 9.20% over the J$277.21 million recorded in the comparative 2018 Financial Year.

13.2 Derrimon Group's Five Year Summary of Balance Sheet

13.2.1 The Derrimon Group's Audited Financial Statements for the year ended December 31, 2019 are set out at Appendix 2 hereto. The Derrimon Group's audited financial statements for the financial years ended December 30, 2015 to December 30, 2019 are available on the website of the Jamaica Stock Exchange at www.jamstockex.com.

13.2.2 The Table shows the five (5) year summary of the Derrimon Group's Balance Sheet as extracted from its Audited Financial Statements.

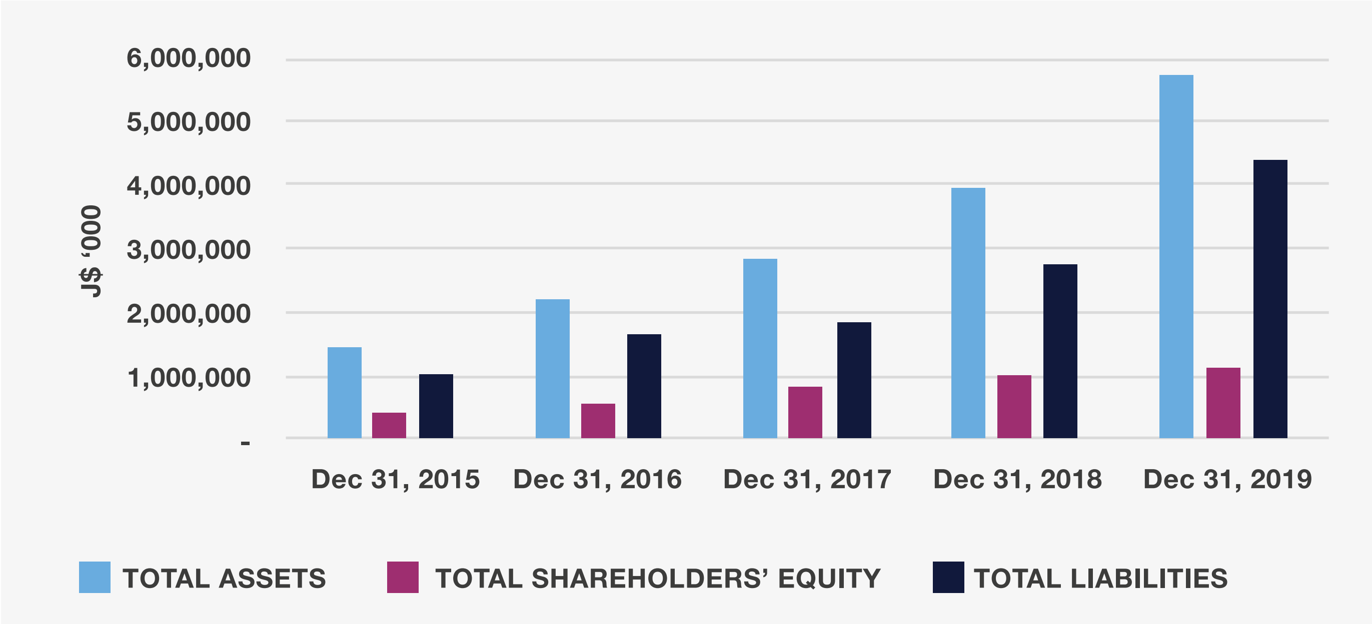
13 PRESENTATION OF CURRENT & HISTORICAL FINANCIAL INFORMATION

Derrimon Trading Company Limited | Consolidated Statement of Financial Position

	31-Dec-15 J$'000	31-Dec-16 J$'000	31-Dec-17 J$'000	31-Dec-18 J$'000	31-Dec-19 J$'000
NON-CURRENT ASSETS					
Property, Plant and Equipment	160,325	176,130	387,007	457,651	483,476
Rights of Use of Lease Assets	-	-	33,220	-	1,039,077
Goodwill	15,220	15,220	256,523	163,940	182,120
Investments	-	-	-	180,411	-
Investment in Associate	160,825	194,604	-	-	-
Intangible Assets	-	-	-	233,478	256,523
	336,370	**385,954**	**676,750**	**1,035,480**	**1,961,196**
CURRENT ASSETS					
Inventories	588,287	905,827	795,551	1,280,787	1,992,174
Receivables	505,729	680,662	887,212	1,166,946	1,033,069
Prepayments	-	120,619	-	-	-
Related Parties	14,535	834	-	-	-
Investments	2,351	12,178	5,209	170,132	280,599
Taxation Recoverable	-	-	256,976	5,999	6,019
Cash and Cash Equivalents	79,388	157,934	265,521	388,751	509,627
	1,190,290	**1,878,053**	**2,210,469**	**3,012,615**	**3,821,488**
TOTAL ASSETS	**1,526,660**	**2,264,007**	**2,887,219**	**4,048,095**	**5,782,684**
EQUITY AND LIABILITIES					
Share Capital	140,044	140,044	140,044	140,044	140,044
Capital Reserves	57,503	57,503	133,053	94,638	94,638
Investment Revaluation Reserve	614	614	614	614	614
Retained Earnings	250,200	366,307	590,357	820,343	934,834
	448,362	564,468	864,068	1,055,639	1,170,130
Non-controlling Interests	-	-	171,107	162,597	163,382
TOTAL EQUITY	**448,362**	**564,468**	**1,035,175**	**1,218,236**	**1,333,512**
NON-CURRENT LIABILITIES					
Borrowings	491,912	615,593	754,317	862,658	1,731,003
Lease Liability	-	-	-	-	1,000,272
Deferred Tax Liability	-	-	-	3,080	4,214
	491,912	**615,593**	**754,317**	**865,738**	**2,735,489**
CURRENT LIABILITIES					
Payables	560,543	772,033	791,036	1,149,544	976,846
Short Term Loans	-	224,272	29,976	736,416	536,316
Current Portion of Borrowings	6,659	30,901	258,766	69,636	122,448
Bank Overdraft	19,185	56,740	-	-	-
Current Portion of Lease Liability	-	-	17,949	-	70,601
Taxation Payable	-	-	-	8,525	7,472
	586,386	**1,083,946**	**1,097,727**	**1,964,121**	**1,713,683**
TOTAL LIABILITIES & EQUITY	**1,526,660**	**2,264,007**	**2,887,219**	**4,048,095**	**5,782,684**

13.2.3 The bar chart below shows the five year summary of the key items from the Derrimon Group's Balance Sheet.

Total Assets, Liabilities & Shareholders' Equity



13.2.4 For the 2019 Financial Year, Current Assets increased by 26.85% to J$3.82 billion compared to the J$3.01 billion in the prior comparative Financial Year. This was mainly influenced by increases in Inventories and Cash & Cash Equivalents. Current Liabilities declined by 12.75%, totalling J$1.71 billion at the end of the 2019 Financial Year when compared to the J$1.96 billion reported for the 2018 Financial Year. The reduction in Payables and repayment of credit lines from financial institutions were the major contributing factors. The Company had Borrowings of J$1.73 billion at the end of the 2019 Financial Year which represents a 100.66% increase compared to the J$862.66 million recorded in the 2018 Financial Year. The significant increase in borrowings is due to: (a) a demand loan associated with the refinancing of the full cost associated with the purchase of Woodcats International Limited; (b) the replacement of a United States Dollar short term facility with a medium term (lower interest cost) Jamaican Dollar facility; (c) working capital lines; and (d) loans utilized for the roll out of the new technology platform and for the renovation and upgrade of some of the Sampars stores.

13.2.5 Shareholders' Equity increased year-over-year for the 2019 Financial Year to J$1.17 billion, up 10.85% from the J$1.06 billion reported in the 2018 Financial Year. The increase in Shareholders' Equity was as a result of an increase in Retained Earnings, which increased by 13.96% to J$934.83 million at the close of the Financial Year 2019 when compared to J$820.34 million reported in the 2018 Financial Year.

13.3 Select Financial Ratios

13.3.1 The Table below depicts certain profitability, margin, liquidity, solvency and growth ratios for the Derrimon Group between the Financial Year ended 2015 and the Financial Year ended 2019:

Select Financial Ratios	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Profitability					
Return on Assets	5.77%	5.13%	9.76%	6.85%	5.23%
Return on Equity	19.66%	20.57%	32.61%	26.26%	25.87%
Margin Analysis					
Gross Profit Margin	13.24%	15.13%	19.87%	18.18%	18.02%
EBITDA Margin	2.60%	3.84%	7.49%	3.84%	6.27%
Net Profit Margin	1.40%	1.88%	4.19%	1.88%	2.39%
Liquidity					
Current Ratio	2.03	1.73	2.01	1.53	2.23
Quick Ratio	1.03	0.90	1.29	0.88	1.07
Cash Ratio	0.14	0.15	0.24	0.20	0.30
Solvency					
Debt to Equity	1.15	1.64	1.21	1.58	2.04
Debt to Capital	0.54	0.62	0.55	0.61	0.67
Debt to EBITDA	3.16	3.91	2.07	3.10	3.01
EBITDA/Interest	1.88	1.74	2.96	3.12	2.65
EBITDA/(Interest+ST Debt)	1.45	0.53	1.10	0.55	1.83
EBITDA-CapEx/ (Interest+ ST Debt)	1.06	0.43	0.52	0.39	0.70
YoY Growth of Key Variables					
Revenue		-1.86%	8.85%	38.37%	35.96%
Operating Profit		54.21%	111.32%	0.52%	38.51%
Net Profit		31.74%	142.70%	-1.63%	9.20%

13.3.2 The Derrimon Group's Net Profit Margin declined slightly year-over-year (YOY) from 2.98% in the 2018 Financial Year to 2.39% in the 2019 Financial Year. Gross Profit also exhibited a similar trend declining slightly from 18.18% for the 2018 Financial Year to 18.02% for 2019 Financial Year. Additionally, Return on Assets and Return on Equity were both down marginally for the 2019 Financial Year to 5.23% and 25.87% respectively, relative to 6.85% and 26.26% respectively for the 2018 Financial Year.

Management Discussion and Analysis

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14.1 Business Overview

14.1.1 Derrimon Trading Company Limited ("Derrimon" or the "Company") has been a significant distributor of consumer goods to the Jamaican market since 1998. Known for its dependability and innovative spirit, the Company has expanded exponentially.

A. Distribution

14.1.2 Since its humble beginning, distributing commodities to supermarkets and wholesalers within the Kingston Metropolitan Area, Derrimon has increased both the range of products it distributes as well as the brands it represents. By attracting and concluding partnerships with global distribution and manufacturing companies, Derrimon has joined the ranks of the most extensive distribution and allied companies in Jamaica.

14.1.3 Derrimon's principal operations are located at 235 Marcus Garvey Drive, Kingston 11, less than two (2) miles from the port of Kingston. The Company initially had a warehouse facility on this property of approximately 70,000 sq. ft. However to keep pace with its rapid expansion needs, the Company entered into a long-term lease arrangement for a new distribution centre located in the Ferry area, off Mandela Highway, which has a capacity of approximately 110,000 sq. ft.

B. Retail and Wholesale

14.1.4 The Company also operates entities in the retail and wholesale markets through its Sampars strores and Select Grocers Supermarket. With more than thirty (30) years of operations, Sampars is one of the largest and oldest wholesale businesses in Kingston. Today, the Company operates seven (7) Sampars stores, in the form of supermarkets or wholesales depending on the location. Select Grocers Supermarket was formed in 2017 and operates in the Manor Park area where it quickly became a popular supermarket in the corporate area.

C. Other Operations

14.1.5 Derrimon is the parent company of Caribbean Flavours and Fragrances Limited ("CFF") and Woodcats International Limited ("Woodcats"). CFF is a dominant player in the flavour and fragrance industry and supplies some of the major manufacturers locally and overseas. Woodcats is amongst the leading companies involved in the manufacturing of pallets in Jamaica. These two subsidiaries have enhanced the financial strength of Derrimon and improved the overall financial profile of the Company.

D. Market Review: Industry and Company Economics

14.1.6 Derrimon operates within the Wholesale & Retail Trade sector. Based on the 2019 Economic and Social Survey of Jamaica ("ESSJ") issued by the Planning Institute of Jamaica, the sector contributed 17.20% to Jamaica's GDP in 2019, the same as in 2018, and slightly down from 17.40% in 2017. This share of GDP makes the sector one of strategic significance to the local economy. That importance stems from the number of Jamaicans employed in the sector, approximately 244,375 in 2019, up from 242,525 in 2018. However, the wholesale & retail trade installation, and repair machinery ("WRTIM") growth rate has been sluggish over the past five (5) years, with 2018 recording the highest annual growth rate at 1.00% and 2019 the second-best at 0.90%. This industry growth rate seems to track the overall growth rate in the larger economy. The ESSJ also reveals that approximately 93.20% of the businesses in this sector are classified as 'medium & large', 6.00% as 'small' and 0.80% as 'micro'.

14.1.7 The WRTIM industry structure means competing firms do not enjoy a significant amount of market segmentation or pricing power, which is reflected in the slow annual growth rate of the overall industry. An implication of this is that companies within the WRTIM industry that seek to grow more rapidly than the rest of the industry must pursue inorganic expansion strategies.

14.1.8 Derrimon is among the entities in the WRTIM industry that has pursued 'bolt-on' acquisitions as well as deepened ties with its suppliers. Those strategies coupled with investing significantly in building logistic capabilities, have been critical to Derrimon's ability to grow and deliver consistent shareholder value.

14.1.9 Finally, given the significance of imports in the Derrimon Group's overall operations, Derrimon takes specific measures to manage its foreign exchange risk. In particular, the importation of bulk rice forms a large percentage of the Derrimon Group's overall purchase figure. To manage this, Derrimon typically enters short and medium-term arrangements with its suppliers in the producing countries (millers and producers). Additionally, Derrimon holds fairly large foreign currency balances as part of its hedging strategy. With this kind of foreign exchange risk management strategy Derrimon's foreign exchange losses/gains are typically not material.

E. Outlook and Company Growth Strategies

14.1.10 Several macro factors will likely influence the Derrimon Group's future growth prospects, not the least being continued developments relating to the COVID-19 pandemic. Three (3) critical considerations about the Company's immediate future are:

1. Continued COVID-19 containment measures might impact the distributive trades to the extent that further measures stipulate even further social distancing and/or more curtailment in economic activity;

2. Negative implications for household consumption given increase in unemployment; and

3. Relatively low and stable inflation should support the distribution and wholesale trades, including Derrimon's portfolio of products.

14.1.11 Notwithstanding the economic structure of the industry and headwinds, Derrimon has been pursuing the following main strategies over the last couple of years, and will continue to pursue irrespective of the headwinds from COVID-19:

1. Growing its current footprint for all the products in the Company's portfolio;

2. Increasing its distribution footprint and capabilities across Jamaica;

3. Targeted focus on customers at all levels of the distribution chain;

4. Continued revenue diversification through the acquisition of value-enhancing businesses; and

5. Diversification of product offerings.

14.2 Derrimon Group's 2020 Nine Month Unaudited Comprehensive Income versus 2019 Nine Month Unaudited Comprehensive Income

14.2.1 For the period ended September 30, 2020, the Derrimon Group reported total Revenue of approximately J$9.62 billion relative to J$9.53 billion in the prior year nine month period, representing a year over year increase of approximately 0.92%. Revenue growth during a period when the Jamaican economy contracted due to the COVID-19 pandemic demonstrates the resilience of the Derrimon Group's activities.

14.2.2 Gross Profit over the period grew by 10.95% versus the prior year period increasing from approximately J$1.66 billion to J$1.84 billion. This increase was due to the Derrimon Group's decision to focus on higher yielding products as well as reduce costs through improvements in procurement and logistics. The efficiency benefits from this decision are reflected in the Derrimon Group's Gross Profit Margin which increased from 17.41% in the prior nine month period to 19.14%. Similarly, the cost mitigation steps taken have flowed to Operating Profit which improved year over year by 11.58%, increasing from approximately J$0.41 billion to J$0.46 billion.

14.2.3 In addition to reducing the Cost of Sales, the Derrimon Group took strategic steps during to reduce the cost of debt. These include the realignment of the debt portfolio from short term to long term amortized facilities and refinancing US$ denominated debt with J$ denominated debt. As a result, despite the higher total debt, Finance Costs decreased 8.00% to J$0.15 billion from J$0.16 billion. This bolstered Profit Before Taxation which increased by 24.08% as the Profit Before Tax Margin expanded by 0.61%. Net Profit Attributable to Shareholders increased further by 27.05% owing to a reduced effective tax rate (from 13.04% to 11.04%).

Income Statement (J$'000)	9M PERIOD ENDING SEPTEBER 30, 2019	9M PERIOD ENDING SEPTEMBER 30, 2020
Revenue	9,530,761	9,618,342
Gross Profit	1,658,907	1,840,508
Operating Profit	413,652	461,535
Net Profit to Shareholders	203,548	258,603
Margins (%)		
Gross Profit Margin	17.41	19.14
Operating Profit Margin	4.34	4.80
Net Profit Margin	2.14	2.69

14.3 Derrimon Group's Unaudited Balance Sheet as at September 30, 2019 versus as at September 30, 2020

14.3.1 As at September 30, 2020, the Derrimon Group's Total Assets increased by 26.54% year over year, moving from J$4.52 billion to J$5.72 billion, largely due to fixed asset acquisitions under a lease arrangement which added J$0.96 billion to the Derrimon Group's Total Assets.

14.3.2 The Derrimon Group reported Total Liabilities of J$4.13 billion as at September 30, 2020 compared to J$3.08 billion recorded in the same period in 2019. That represents a double-digit increase of 33.93% over the prior period, largely due to an increase in Lease Liability.

14.3.3 Shareholder's Equity (net of non-controlling interest) increased by 12.51%, totalling J$1.42 billion for the nine month unaudited period ended September 30, 2020, relative to the J$1.26 billion reported as at September 30, 2019.

14.4 The Company's Strategic Initiatives

14.4.1 The Company will continue to focus on creating an opportunity for Shareholders to invest in a diversified company, benefiting from dividends from the Company's distribution and retail activities from local and international markets. Derrimon will continue to focus on:

a. Improving its Logistics Management (enhancing warehouse capabilities and logistics);

b. Growing its Supply Chain;

c. Implementing a Technology Platform (focusing primarily on optimizing Retail and Distribution Management) which will ultimately enhance its client relationship management;

d. Expanding the Retail and Distribution Channels to include a modern full-service, one-stop shopping experience and the development of a wider Delect product offering focused primarily on consumables; and

e. Modernising its pallet business.

14.5 Potential Acquisitions

14.5.1 Derrimon has a record of successfully acquiring and integrating other businesses. See Sub-Sections 7.1 to 7.5 for more details.

14.5.2 The Company has identified targets in the United States of America. The Company is presently conducting confidential due diligence on two (2) potential acquisitions within that industry. When combined, both target entities made Total Revenues of J$5.1 billion with 6% or J$311.1 million being converted into net income.

14.5.3 If Derrimon successfully acquires these two (2) entities; Derrimon will realise significant synergies, including:

a. Vertical Integration – which allows Derrimon to control distributors, retail locations, control costs and possibly reduce expenses and improve overall efficiencies;

b. Establishing relationships in new markets as the target companies have established market presence and would be purchased as going concerns. Thus eliminating the need for Derrimon to have to start from scratch in establishing its market;

c. Both entities already have existing employees, clients, suppliers, equipment and inventory; and

d. The acquisitions would create an opportunity for Derrimon to expand its distribution market; that is broaden its target market and build brand recognition.

14.5.4 In carrying out its due diligence and strategic planning, the Company has internal projections to evaluate the potential acquisitions and their impact on certain key variables. Based on management's best estimates and using reasonable assumptions, the Derrimon's post acquisition performance is expected to be as follows:

Consolidated Numbers for Target Companies (J$'000)[2]					
Key Variables	**Proj. FY 2020**	**Proj. FY 2021**	**Proj. FY 2022**	**Proj. FY 2023**	**Proj. FY 2024**
Revenue	5,914,017	7,096,821	8,161,344	9,385,595	10,793,377
Net Income	357,934	485,405	558,440	642,431	739,021

14.5.5 Underpinning the projections are the following assumptions:

1. Over the next five (5) years, we expect the Derrimon Group to deliver average Revenue growth of 21.78% which is just over 3% relative to the prior five (5) year growth of 18.70%. This increase reflects the potential acquisitions, as well as additional growth we expect will materialize from the Woodcats acquisition. We expect to see the majority of the Derrimon Group's growth in FY2021 which will then normalize thereafter to our long term growth rate of 5%.

2. We assume Operating Profit Margin will gradually increase to 8% in Year 5 which reflects increased efficiency. Historically, the Derrimon Group has achieved a margin of 6.72% which implies 8.00% is well within reach over a five (5) year period.

3. Net Profit Margin for the initial year is equivalent to the Derrimon Group's nine (9) months Net Profit Margin with an additional 1% attributed to the potential acquisition. Thereafter, we expect an increase in Net Profit Margin YoY to a total of 5% by Year 5.

4. Cost of Equity is estimated at 12.97% for the first forecasted year, after which we anticipate a reduction in the Cost of Equity which will move to 10.41% by Year 5.

14.5.6 Upon entering into a definitive agreement for the acquisitions the Company will disclose more details on the potential acquisitions.

14.5.7 Even if neither of the potential acquisitions are completed the Company is reasonably confident of completing a transaction(s) in the same industry within the next six (6) months.

2 This table represents estimates and projections and is a forward-looking statement. See Sub-Section 1.5 for Advisory on Forward-Looking Statements.

Risk Factors

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15.1 In addition to other information set forth in this Prospectus, investors should consider carefully the risks described below before subscribing for New Ordinary Shares in the Company. These risks are not the only ones facing investors. Additional risks, not presently known to the Directors, or that the Directors may presently consider immaterial, may also impair the Company's operations.

15.2 This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus.

COVID-19 Pandemic and Government Policies in Response to the COVID-19 Pandemic

15.3 On March 11, 2020 the World Health Organisation declared that the novel coronavirus (SARS-COV-2), which causes the disease referred to as COVID-19, had reached the status of a global pandemic (the "COVID-19 Pandemic"). The first instance of COVID-19 in Jamaica was detected in the same month.

15.4 The COVID-19 Pandemic and the measures adopted by the various governments to mitigate the spread of COVID-19 have had a significant negative impact on the global economy. It has severely disrupted business operations, supply chains and workforce availability across the world, leading to substantial declines in business activity.

15.5 Jamaica's economic activity has also been negatively affected by the COVID-19 pandemic and the policy measures enacted to contain and slow the spread of the virus. The Bank of Jamaica in its most recent Quarterly Monetary Policy Report projected that the Jamaican economy would contract in FY2020/21 in the range of 7% to 10%. Additionally the Jamaican economy is not expected to return to pre-COVID-19 Pandemic growth levels before FY 2022/23.

15.6 The Derrimon Group believes that the COVID-19 Pandemic is likely to remain a long-term issue and accordingly has taken steps to adapt to the new operating environment. The COVID-19 Pandemic still poses a significant risk to the Derrimon Group, its operations and its growth plans. Various initiatives and measures have been implemented to ensure that the Company's growth strategies are not negatively impacted.

Operational Risks

15.7 In the execution of its business the Derrimon Group is exposed to risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational Risks also include:

a. Systemic risk including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures;

b. Legal risk and reputation risk;

c. Employee errors, computer and manual systems failures, security failures;

d. Fire, floods and other losses to physical assets;

e. Fraud or other criminal activity; and

f. Increased competition and changes to key distribution agreements.

15.8 The Company carries standard business insurance policies that cover business interruption and property damages due to fire, flood or other routine risks. The Company also carries normal third-party insurance such as public liability insurance.

Currency Risk

15.9 The Derrimon Group is exposed to foreign exchange risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican Dollar. The Derrimon Group purchases and imports bulk rice, beverages and other commodities which it pays for in United States Dollars. With any sudden negative changes in United States Dollar to Jamaican Dollar exchange rates can unpredictably and adversely affect the Derrimon Group's operating results.

15.10 Although the Derrimon Group does not directly hedge against the risks associated with fluctuations in exchange rates it manages currency risk on imported rice, beverages and other commodities by entering into short and medium term arrangements with millers, producers as well as implement an exchange buffer in its pricing mechanism.

15.11 The Derrimon Group also attempts to keep its net exposure in foreign assets and liabilities to an acceptable level by closely monitoring currency exposure. During the financial year ended December 31, 2019 the Company refinanced a US$1.5 million denominated loan with a J$ denominated loan at competitive interest rates.

Risks Due to the Company's Use of Leverage

15.12 The Derrimon Group has used borrowings as the principal means of financing its growth. At the financial year ended December 31, 2019, approximately 41.00% of the Derrimon Group's assets totalling J$2.39 billion were financed using debt. At the same date the Derrimon Group had a debt to equity ratio of 2.60 to 1.00.

15.13 The Derrimon Group's ability to make payments on (or to refinance) indebtedness will depend upon its ability to generate cash from operations in the future. The Derrimon Group's operational performance is subject to general economic conditions, financial, legislative and regulatory factors that are beyond its control. Consequently there is a risk that the businesses may not generate sufficient cash flow from operations, investment or financing to enable it to pay its indebtedness or to fund its other cash needs. In such case the Derrimon Group may need to sell assets, seek additional equity, reduce, restrict and/or delay the implementation of strategic business initiatives. There is also a chance that the Company may be declared bankrupt, become insolvent, liquidated or otherwise reorganise or restructure its indebtedness.

15.14 During the financial year ended December 31, 2019 the Derrimon Group took steps to extend the maturity profile of its indebtedness and to refinance certain United States Dollar denominated debt with Jamaican Dollar denominated debt. Those actions reduced the average borrowing rate of the Company by 225 basis points.

15.15 Part of the proceeds from this Additional Public Offer will be used to fully liquidate indebtedness which will further reduce the Derrimon Group's leverage position.

Share Price Volatility

15.16 Following their proposed admission to trading on the JSE the New Ordinary Shares may experience volatility in their market price, or flat trading (being very infrequent trades or insignificant volumes of trading), either of which may extend beyond the short term and which may be dependent on the Derrimon Group's financial performance, as well as on investors' confidence and other factors over which the Derrimon Group has no control. In either case the market price of the New Ordinary Shares may be negatively affected or shareholders that wish to sell may only be able to do so at a discount.

Commodity Risk

15.17 The Derrimon Group imports and sells a significant portion of its Fast Moving Consumer Goods (FMCG). The Derrimon Group also maintains these and other products in its inventories. The price at which the Derrimon Group may buy and sell its commodities is affected by the overall global market for those commodities. Significant volatility in price of these commodities could negatively impact the Derrimon Group's profitability.

15.18 The Derrimon Group mitigates this risk by entering into commodity contracts in respect of its future requirements. The Derrimon Group also closely tracks the spot price of imported rice and may purchase rice in advance if it determines that the spot market is likely to increase significantly.

Macroeconomic Policies

15.19 The Government of Jamaica and the Bank of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies or changes in regulations, which may have an adverse impact on the performance of the Derrimon Group.

Concentration Risk – Key Suppliers and Key Customers

15.20 The Company's products are supplied by a relatively few key suppliers inclusive of Nestlé Jamaica Limited, and its revenues are generated from sales to a relatively few large key customers. If any one or more of these suppliers or customers was to change the terms of its course of dealing such that it was adverse to the Company or to fail to continue to supply goods to it, or purchase goods from it (as the case may be) the revenues and profits of the Company may decrease while the Company seeks to implement alternative business strategies.

Key Personnel

15.21 It is very important that the Derrimon Group attract and retain appropriately skilled personnel, including Chief Executive Officer, Derrick Cotterell, and Chief Financial Officer, Ian Kelly to facilitate growth, establish new divisions and to replace personnel whose employment may be terminated for any reason. Competition for qualified personnel can be intense, as there are a limited number of people in Jamaica with the requisite knowledge and experience required by the Derrimon Group. The Derrimon Group will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on its operations and performance.

Market Share and Competition

15.22 Some of the business segments in which the Derrimon Group operates are competitive. Some of these markets are impacted by informal traders who being informal are less susceptible to reputational damage and impairment of goodwill than more established companies. Accordingly whilst the Derrimon Group must adhere to industry standards, some of the informal traders do not adhere. This may lead to an uneven playing field where the more established businesses are at a cost disadvantage in the short term. The competition in some of the business segments has resulted in an oversupply of some goods and significant price pressure.

15.23 The Derrimon Group has taken steps to increase its economies of scale including expanding its warehouse space as well as diversifying its revenue stream with acquisitions such as Woodcats International Limited and Caribbean Flavours and Fragrances Limited.

Product Liability Risk

15.24 The Derrimon Group distributes products manufactured by other suppliers, but it may be sued by customers or other persons who suffer harm as a user of those products. The Derrimon Group carries insurance that cover against third party liability risk as well as product liability risk, however such cover may not be adequate in a given circumstance, or it may not be available at all in accordance with the terms and conditions of any particular insurance policy. In the latter event, the expenses of the Derrimon Group would increase and the profits of the Derrimon Group may decrease.

Money Laundering, Fraud and Similar Unauthorized Activity

15.25 The operations of the Derrimon Group are susceptible to the risk of money laundering, and employee fraud and unauthorised trading activity. The Derrimon Group has established internal controls and administrative systems to deter and detect such risks.

Risks of Hurricane, Fire and Other Acts of God

15.26 Natural disasters or unfavourable weather conditions in the geographic regions in which the Derrimon Group operates could have a negative impact on the Company's overall performance. Changing weather patterns, along with the increased frequency or duration of extreme weather and climate events could also impact some of the Group's source and end markets and the prices of certain commodities traded by the Derrimon Group. The Derrimon Group continuously seeks to conduct research in an effort to determine how to mitigate these risks.

Tax Concession Risk

15.27 The Company presently benefits from a ten (10) year concessionary tax regime whereby: (a) during the first five (5) years after initial admission to the Junior Market, the Company benefits from a full exemption from the payment of income tax; and (b) for the subsequent five year period the Company benefits from a 50% exemption from income tax.

15.28 In order to qualify for the concessionary tax regime the Company must satisfy certain conditions specified in the applicable legislation including: (a) the Company must remain listed on the Junior Market or the Main Market for a combined continuous period of not less than fifteen (15) years from the date of initial admission; (b) the subscribed participating voting share capital shall not exceed J$500 million or other amount set by the Minister; and (c) the Company must not benefit from any other income tax incentive, exemption, remission or other benefit granted under another enactment.

15.29 Since December 17, 2013 when its ordinary shares were listed on the Junior Market, the Company has met the criteria to benefit from the concessionary tax regime described in sub-section 15.27 above.

15.30 If the Company is suspended from the Junior Market or the Main Market before the expiry of fifteen (15) years from its initial admission it will become retrospectively liable to pay income tax at the rate that would otherwise have been applicable to it during the concessionary period. The Directors of the Company do not at this time have any reason to believe that the Company will be suspended or delisted. The Company has written to the JSE indicating its intention to seek the JSE's consent to remain listed on the Junior Market whilst paying the fees applicable to a company listed on the main market of the JSE. The JSE has indicated by a letter dated December 2, 2020 that it has no objection to the Company's request. The aforementioned letter from the JSE is among the documents available for inspection.

15.31 If this Invitation is successful the Company's subscribed participating voting share capital will exceed the limit of J$500 million by a significant amount. That could cause the Company to lose the 50% exemption from income tax for the three (3) years remaining on the tax concession. The Directors of the Company have considered that possibility and have determined that the potential benefits from the use of proceeds of this Invitation are likely to outweigh the loss of the remaining three (3) years on the tax concession.

15.32 Another risk relating to the concessionary tax regime is that the Government could alter or change the criteria or extent of the concession applicable to the companies listed on the Junior Market of the JSE. The Government has in the past made several such changes and there is a risk that it could make new changes in the future. The Directors of the Company consider it unlikely that any withdrawal or amendment of the concession would have retrospective effect on companies that are already listed on the Junior Market.

Business Risk

15.33 The Derrimon Group's business depends substantially on consumer tastes and preferences that may change in often unpredictable ways. Failure to satisfy changing consumer tastes and preferences could negatively impact the business' performance. The Derrimon Group is constantly reinventing itself as proven innovators to adapt to current and future market changes.

No Guarantee that the Company Will Pay Dividends

15.34 Any dividend on shares will be dependent upon the performance of the Company and its subsidiaries. The Company's dividend policy is set out at Sub-Section 10.3 above and should not be construed as a dividend forecast. Under Jamaican law a company can only pay dividends to the extent that it has distributable reserves and cash on hand to pay such dividends. Even where the Company has distributable reserves the Directors may decide not to pay a dividend if to do so would render the Company inadequately capitalized or if for any other reason the Directors determine that paying a dividend at that time would not be in the best interest of the Company. No dividend can be paid unless recommended by the Directors.

Statutory & General Information

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16 STATUTORY & GENERAL INFORMATION

Statutory Information required to be set out in the Prospectus by section 42 and the Third Schedule to the Companies Act.

16.1

a. The Company has no founders or management or deferred shares.

b. The Articles of Incorporation of the Company does not fix a shareholding qualification for directors and none have been otherwise fixed by the Company in general meeting. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:

i. "Subject to Article 123, the remuneration of the Directors shall be such amount as the board of Directors, or any appropriate committee of the board of Directors, may determine. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company." -Article 82.

ii. "A director of the Company may be or become a Director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company unless the Company otherwise directs." -Article 84.

iii. "A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established." -Article 94(3).

iv. "Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company." -Article 94(5).

v. "The Directors may give or award pensions, annuities, gratuities, guarantee loans and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company, or any company which is a subsidiary of the Company and to the wives, widows, children and other relatives and dependants of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to or any of them or any class of them. Any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit, and may vote as a Director in respect of the exercise of any of the powers of this Article conferred upon the Directors notwithstanding that he is or may be or become interested therein." -Article 96.

vi. "A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the board of Directors, or any appropriate committee of the board of Directors, may determine." -Article 123.

c. The names and descriptions of the Directors of the Company are set out in Sub-Section 21.1* of this Prospectus. The residential addresses of the Directors are as follows:

Name of Director	Residential Address
Derrick Cotterell	11 Melwood Avenue, Kingston 8
Monique Cotterell	11 Melwood Avenue, Kingston 8
Ian Kelly	3 Gwendon Park Avenue, Norbrook, Kingston 8
Earl Anthony Richards	30 Norbrook Acres Drive, Kingston 8
Winston Thomas	Unit 13, 35B Upper Waterloo Road, Kingston 8
Alexander I.E. Williams	12 Lakehurst Drive, Kingston 8
Paul Buchanan Jr.	Apt 1, 27 Rochester Avenue, Kingston 19

16.2

a. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "Minimum Subscription") is J$3.50 billion. The Company also intends to pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed J$205.25 million (inclusive of brokerage fees, legal fees, auditor's and accounting fees, registrar fees, listing fees and General Consumption Tax).

16.3

a. The Invitation will open for subscription at 9:00 a.m. on January 6, 2021 and will close at 4:30 pm on the Closing Date, January 26, 2021, subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the New Ordinary Shares offered under this Prospectus, or to extend the Closing Date subject to any applicable restrictions in the Companies Act, 2004.

b. The Subscription Price per New Ordinary Share is set on the first page of this Prospectus. Such subscription price is payable in full on application. No further sum will be payable on allotment by the Company.

c. The Company has not invited applications for subscription of New Ordinary Shares to the public within the two (2) preceding years.

16.4 No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.

16.5

a. The Table below discloses the relevant assets or liabilities as at December 31, 2019, pursuant to paragraph 5 of Part 1 of the Third Schedule to the Companies Act, 2004.

Asset/Liability	Aggregate Amount
(a) Trade investments, (b) Quoted investments other than trade investments (c) Unquoted investments other than trade investments	Nil J$31.30 million Nil
Goodwill, patents, trade marks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as it is shown or ascertainable and as so shown or ascertained, as the case may be	J$33.20 million
Bank loans and overdrafts	J$1.90 billion
Net Amount recommended for distribution of dividend	J$32.80 million

16.6 For the purposes of paragraphs 7 and 8 of Part 1 of the Third Schedule to the Companies Act, 2004, the Company hereby confirms that it does not propose to purchase or acquire with the proceeds of the APO any specific property which can be identified. Although the Company does expect to use the proceeds to acquire a business(es) within a particular industry and the Company has identified two (2) potential acquisitions the Company has not entered into a definitive agreement with any of those companies.

16.7 Paragraph 7 of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable to the APO as there is no identifiable property which the Company intends to purchase from the APO proceeds.

16.8 Paragraph 8 of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable to the APO as there is no identifiable property which the Company intends to purchase from the Net APO proceeds.

16.9

a. Within the two (2) preceding years of the date of this Prospectus no commissions have been paid, nor will any be payable to anyone by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any agreeing to procure subscriptions for any shares or debentures of the Company. Other securities dealers and investment advisors may be contracted by Barita on such terms as they may deem appropriate to distribute the New Ordinary Shares.

b. The APO & Listing Expenses (estimated at J$205.25 million) will be borne by the Company and be paid out of the APO proceeds.

c. No payment or benefit has been paid or given or will be paid or given to any of the Directors or any other person as promoter of the Company within the preceding two (2) years or at all.

16.10 The issue is underwritten by Barita Investments Limited up to a maximum of J$3.5 billion.

16.11 The following material contracts, not being contracts entered into in the ordinary course of business or a contract entered into more than two (2) years before the date of this Prospectus, have been entered into by the Company with the following persons ("Counterparties"):

Date	Counterparty	Additional Details
March 15, 2017	VDWSD Limited	Joint Venture Agreement for the operation of Select Grocers Supermarket at Shop # 13, Upper Manor Park Plaza.
September 3, 2018	S.M. Jaleel & Company Limited	Appoints the Company as exclusive distributor for S.M. Jaleel & Company Limited's soft drinks, juices, juice-flavoured beverages and energy drinks.
October 15, 2020	Barita Investments Limited	Agreement to Underwrite this Invitation.
October 15, 2020	Barita Investments Limited	Appointment of Barita as Lead Broker and Arranger.

16.12 The name and address of the auditors to the Company is:

McKenley & Associates
Chartered Accountants
Unit 11
Seymour Park
2 Seymour Avenue
Kingston 6

16.13 The Company was incorporated in Jamaica under the Companies Act, 2004 (or predecessor legislation) on 21 December 1998.

16 STATUTORY & GENERAL INFORMATION

16.14 The share capital of the Company consists of two classes of shares, namely Ordinary Shares and Preference Shares. All Ordinary Shares rank *pari passu* in respect of entitlements to return of surplus capital on a winding up, payment of dividends declared on the Ordinary Shares and voting rights. The Preference Shares, rank ahead of the Ordinary Shares in respect of their right to a return of capital and the payment of any cumulative preference dividends, but only have voting rights in the Company in narrowly prescribed circumstances fixed by the terms of issue.

16.15 The Company's intellectual property and real property are as follows:

a. Intellectual Property

16.15.1 The Company has registered the following trademarks for use in Jamaica:

1. Trademark Number 63678 - Derrimon Trading Co. Ltd Words and Logo - classes 16,18,25,35,39 (valid until 11/11/2023):

2. Trademark Number 63679 - Sampars Cash 'N' Carry Words and Logo - classes 16,18,25,35,39 (valid until 11/11/2023):

Trademark Number 54636 - Delect Logo Words and Logo – classes 16, 29, 30 (valid until 15/10/ 2019) (renewal in process):

b. Real Property

16.15.2 As at the date of this Prospectus, the Company has the following interests in real property:

Type of property	Nature of Interest	Other details
235 Marcus Garvey Drive and comprising Derrimon Warehouse 1 (32,017 sq. ft.) and Derrimon Warehouse 2 (22,800 sq.ft) St. Andrew	Leasehold	Let to the Company for a 10 – year term commencing November 2010 for an aggregate monthly rental of J$1,387,608 inclusive of GCT (no additional maintenance charges are payable). Lease contains an option to purchase the premises at market value or as may be agreed. Lessor is the Trustee in Bankruptcy of Cash Plus Limited. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature. The Company is presently a holdover tenant as negotiations for a new lease are on-going.
231 – 233 Marcus Garvey Drive, comprising the Sampars retail outlet and comprising Warehouse no. 4 St. Andrew	Leasehold	Let to the Company for a 10 – year term commencing November 2010 for an aggregate monthly rental of J$611,650 inclusive of GCT (no additional maintenance charges are payable). Lease contains an option to purchase the premises at market value or as may be agreed. Lessor is the Trustee in Bankruptcy as noted above. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature. The Company is presently a holdover tenant as negotiations for a new lease are on-going.
10 Brome Close, Ziadie Gardens, Kingston 20 St. Andrew	Freehold	Purchased by the Company in December 2011, for J$60 million excluding taxes and transaction costs.

Type of property	Nature of Interest	Other details
60-62 West Street, Downtown Kingston Kingston	Leasehold	Let to the Company for a 10 – year term commencing May 2012 for a current monthly rental of J$450,000 inclusive of GCT. The lease contains a right of first refusal in favour of the Company in the event that the lessor wishes to sell the property. The Lessor is Price Wise Central Ltd. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature.
Hargreaves Complex, Mandeville	Leasehold	Let to the Company for 7 years from 1 June 2013. The Lessor is the Mandeville Agricultural Complex Limited. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature. The lease was renewed for an additional three (3) years commencing July 1, 2020 at a monthly rent of J$ 158,156 inclusive of GCT. The lease also contains a right of first refusal for the Company in respect of any lease proposed to be entered into for the same premises, by another tenant.
3 Ascot Drive, Old Harbour, Saint Catherine	Leasehold	Lease agreement dated as of October 2014, J$813,000.00 inclusive of GCT payable monthly.
3 Harbour Street, St. Ann's Bay, St. Ann	Leasehold	Lease Agreement with June Chin for the rental of Building and Parking Lot for ten (10) years with the option to renew for US$6,000 plus GCT payable monthly and monthly Parking lot fee of US$1,040 plus GCT effective date March 1, 2015.

16 STATUTORY & GENERAL INFORMATION

Type of property	Nature of Interest	Other details
1-3 Retirement Road, Kingston 5 St. Andrew	Leasehold	Agreement with One Retirement Limited for the rental of 15,000 sq. ft. for ten (10) years with the option to renew for a further term of two (2) years for US$23,800.00 plus GCT payable monthly and monthly maintenance of US$200.00 plus GCT effective date January 15, 2017.
Shop # 13 Upper Manor Park Plaza, Manor Park, Kingston 8 St. Andrew	Leasehold	Agreement with Jamaica Property Company Limited for the rental of 42,208 sq. ft. for five (5) years at a price of US$18.44 per sq. ft. plus G.C.T., and an annual increase based on US CPI plus 2%. Effective March 10, 2017.
Ferry Pen, Six Miles (105,000 sq. ft.) Warehouse St. Catherine	Leasehold	Agreement with T.W. Metals Limited for the rental of 105,000 sq. ft. of warehouse space for ten (10) years at a price of US$6.00 per sq. ft. plus G.C.T. payable monthly effective October 1, 2019 at Ferry Pen, Six miles.
233 Marcus Garvey Drive (8,458 sq. ft.) office space St. Andrew	Leasehold	Agreement with T.W. Metals Limited for the rental of 8,458 sq. ft. of office space at 233 Marcus Garvey Drive for ten (10) years at a price of US$2.00 per sq. ft. payable monthly effective July 1, 2020.
Millennium Mall Curatoe Hill (42,331 sq. ft.) Clarendon	Leasehold	Agreement with Sagicor Life Jamaica Limited for the rental of 42,331 sq. ft. of space for a period of 20 years, ranging from J$1,299.40 to J$1,625.35 per sq. ft. in the first five years plus G.C.T at the Millennium Mall at Lot 1 Curatoe Hill, Mineral Heights, Clarendon.

16.16 Security Interests Registered on Assets of the Company

16.16.1 As at the date of this Prospectus the security interests registered on assets of the Company are as follows:

Date Registered	Chargor	Collateral Description
18/09/2015	First Global Bank Limited	2016 Audi Q5
24/09/2015	JCSD Trustee Services Limited	Accounts Payable, Accounts Receivables, Agricultural Equipment, Agricultural Products (Crops, Livestock, Fish Farm), Bank Accounts, Construction Equipment, Durable Goods, Fixture, Furniture, Industrial Equipment, Intellectual Property Rights, Inventory, Minerals, Office Equipment, Other Raw Goods, Goods in Process, Secured Sales Contracts, Securities, Vehicles.
06/06/2016	First Global Bank Limited	2016 Isuzu FRR 10.4 Ton Truck and Chassis
19/08/2016	National Commercial Bank Jamaica Limited	2012 Toyota Hiace
05/11/2016	National Commercial Bank Jamaica Limited	2014 Mazda BT-50
05/11/2016	National Commercial Bank Jamaica Limited	2012 Toyota Regiusace
01/09/2017	Sagicor Bank Jamaica Limited	8-10 Broome Close, Ziadia Gardens, Kingston 20 registered in the book of Titles at Volume 1489 Folios 647 and 648.

Date Registered	Chargor	Collateral Description
13/12/2017	Bank of Nova Scotia Jamaica Limited	2017 BMW
16/08/2018	JN Bank Limited	2018 White Shacman L3000
16/08/2018	JN Bank Limited	2018 White Shacman L3000
16/08/2018	JN Bank Limited	2018 White Shacman Truck
05/12/2018	Sagicor Bank Jamaica Limited	Accounts Receivables, Bank Accounts, Durable Consumer Goods, Fixtures, Furniture, Industrial Equipment, Intellectual Property Rights, Inventory, Office Equipment, Other Raw Goods and Goods in Process, Secured Sales Contracts, Securities, Vehicles

16.17 McKenley & Associates have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditor's Report, and the complete audited financial statements of the Company for the financial year ended December 31, 2019, and their name in the form and context in which it is included. The Auditor's Consent is set out in Appendix 5 hereto.

Consents

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17 CONSENTS

17.1 McKenley & Associates, the Auditors of the Company, have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of a copy of their Auditor's Report in the form and context in which it is included.

17.2 The Directors of the Company have given and have not withdrawn their written consent to the issue of the Prospectus and the inclusion therein of all material facts relevant to the Company as required by the Act.

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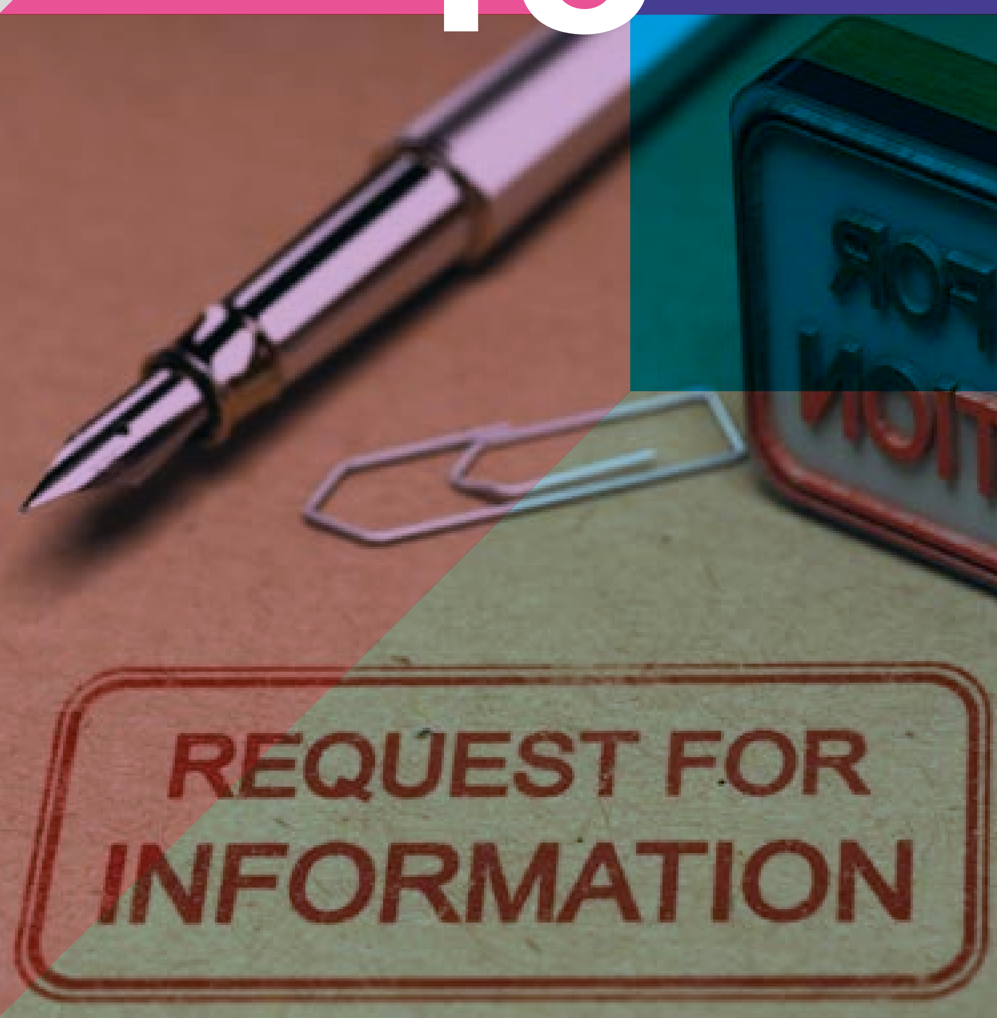
Documents Available for Inspection



18 DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the Invitation remains open for subscription for New Ordinary Shares, the following documents will be available for inspection on any weekday from December 14, 2020 to the Closing Date being January 26, 2021 (subject to early closing once fully subscribed) during the hours of 9:00 am to 4:30 pm, at the office of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6:

a. Written consent of the Auditors, McKenley & Associates;

b. Written consent of the Directors of the Company;

c. Audited financial statements of the Company for the five (5) financial years ended December 31, 2019 inclusive;

d. The material contracts referred to in Sub-Section 16.11;

e. The amended Articles of Incorporation of the Company; and

f. Letter from the JSE dated December 2, 2020 indicating the JSE has no objection to the Company's request to remain listed on the Junior Market if this Invitation is successful.

Directors' Signatures

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19 DIRECTORS' SIGNATURES

Signed on behalf of Derrimon Trading Company Limited by its Directors on this the 14th day of December 2020.

Derrick Cotterell
Chairman & Chief Executive Officer

Monique Cotterell
Company Secretary & HR Director

Ian Kelly
Chief Financial Officer

Winston Thomas
Non-Executive Director

Earl Anthony Richards, C.D.
Non-Executive Director

Alexander I.E. Williams
Non-Executive Director

Paul Buchanan Jr.
Non-Executive Director

Appendix 01:

Application Form & BOSS Instructions

DERRIMON TRADING COMPANY LIMITED

ADDITIONAL PUBLIC OFFER OF NEW ORDINARY SHARES

PLEASE READ CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

To: Derrimon Trading Company Limited ("Derrimon")

RE: Invitation for subscription in respect of 1,498,698,931 New Ordinary Shares (with the ability to upsize to 1,800,000,000 New Ordinary Shares) being offered pursuant to the Prospectus dated December 14, 2020 (the "Prospectus"). Please select Application Type (as per the description set out in the Prospectus):

☐ Existing Shareholders

☐ Derrimon Team Member

☐ Key Investors

☐ Lead Broker's Clients

☐ Non-Reserved Shares (General Public)

I/we confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference. Capitalized words and expressions used herein shall bear the same meanings as are ascribed thereto in the Prospectus.

I/we hereby apply for ____________________ New Ordinary Shares in Derrimon Trading Company Limited, on and subject to the terms and conditions of the Invitation set out in the Prospectus, as follows.

- Existing Derrimon Trading Company Limited Shareholders at a price of $2.20
- Derrimon Team Members at a price of $2.20
- Key Investors at a price of $2.40
- Lead Broker's Clients at a price of $2.40
- Non-Reserved Shares (General Public) at a price of $2.40

I/we agree to make payment for the sum of J$____________________________.00 for my subscription plus the JCSD processing fee of J$172.50 (as applicable) using an Approved Payment Method as described in Sub-Section 6.4.6 of the Prospectus.

APPENDIX 1 – APPLICATION FORM & BOSS INSTRUCTIONS

I/we agree to accept the above or any smaller number of New Ordinary Shares in respect of which this Application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of Derrimon Trading Company Limited, by which I/we agree to be bound.

I/we request you to issue to me/us, and I/we irrevocably agree to accept, the number of New Ordinary Shares, which may be allocated and issued to me/us at the close of the Invitation upon the terms and conditions governing the Application as set forth in the Prospectus.

Instructions for completing Application Form: Please see below notes concerning the completion of this Application Form. All fields in this Application Form are relevant and must be completed as applicable. If you already have an account with the JCSD, please ensure that you indicate your JCSD Number.

TO BE COMPLETED BY PRIMARY HOLDER (INDIVIDUAL OR COMPANY)

Title	First Name	Middle Name	Surname/Company Name

D.O.B.	Date of Incorporation	TRN / Registration Number
Identification Type	Nationality	Occupation
Telephone #	JCSD #	Broker Code #

Address: ____________________

____________________ Email: ____________________

Signature (Individual)	Director (Signature)	Director/Secretary (Signature)

SEAL

Joint Account Holder 1

Title	First Name	Middle Name	Surname

D.O.B.	Identification	Nationality

TRN #	Occupation	Telephone #	Signature

Joint Account Holder 2

Title	First Name	Middle Name	Surname

D.O.B.	Identification	Nationality

TRN #	Occupation	Telephone #	Signature

Joint Account Holder 3

Title	First Name	Middle Name	Surname

D.O.B.	Identification	Nationality

TRN #	Occupation	Telephone #	Signature

Approved Payment Method

SUBSCRIPTION PAYMENT(S) J$	
☐ J$ Manager's Cheque drawn on a local commercial bank payable to my Stockbroker, Barita Investments Limited or an approved Selling Agent	☐ Debit my account #________________ ______________________ held with my Stockbroker.
☐ Transfer via RTGS/ACH to my stockbroker	☐ Debit my Barita Equity Account # ______________________________

Refund Details

Refund Options (Please select preferred option)	☐ Manager's Cheque ☐ RTGS/ACH
Refund Payment Instructions for RTGS/ACH	
Bank Name	
Branch Address	
BIC/SWIFT	
Beneficiary Name	
Beneficiary Account Number	

Dividend Mandate

Dividend Mandate Option (Please select preferred option)	☐ Same as Refund Mandate ☐ Alternative Dividend Mandate
Refund Payment Instructions for RTGS/ACH	
Bank Name	
Branch Address	
BIC/SWIFT	
Beneficiary Name	
Beneficiary Account Number	

Notes on how to complete the application form

1. If you are in doubt as to how to complete this Application Form, please consult your financial advisor or stockbroker.

2. Applications must be for a minimum of 1,000 shares with amounts above this in multiples of 100 shares.

3. All completed Applications must be delivered to your broker for delivery by them to the JCSD on or before the Closing Date.

4. Primary Applicants must be at least 18 years old and be an eligible investor as defined in the Prospectus.

5. If you are applying jointly with any other person, you must complete the Joint Account Holder information section(s) and each joint holder must sign the Application Form at the place indicated.

6. All Applicants must attach copies of their Government issued identification as well as their TRN card (if ID provided is not a Jamaican Driver's License displaying their TRN) and in the case of applicable Reserved Share Applicants, Relevant IDs must also be provided.

7. The New Ordinary Shares allotted to successful Applicants will be credited to their accounts at the JCSD.

APPENDIX 1 – APPLICATION FORM & BOSS INSTRUCTIONS

8. Any refund due will be made to your account number provided on the Application Form or by a manager's cheque.

9. Applicants must submit their completed Application Form to their broker along with payment for the specified number of New Ordinary Shares you have applied for by way of an Approved Payment Method.

10. Applicants submitting Applications through any authorised selling agent, collecting agent, or stockbroker must pay such selling agent, collecting agent, or stockbroker, who will submit their Application Form and make payment to Barita Investments Limited on the Applicant's behalf. Note that Derrimon Trading Company Limited will not accept any responsibility for failure by any selling agent, collecting agent or stockbroker to submit Application Forms on a timely basis.

11. An Approved Payment Method shall be any of the following:

    a. Manager's cheque payable to the Applicant's stockbroker, Barita Investments Limited and/or any of the approved Selling Agents for amounts less than J$1,000,000.00;

    b. Cleared funds held in an equity/investment account in the Applicant's name at Barita supported by an authorization from the Applicant instructing Barita to transfer the payment to their Barita JCSD account;

    c. Transfer from the Applicant's account held with the Applicant's stockbroker;

    d. Transfer in the Real Time Gross Settlement (RTGS) system to;

    FIRSTCARIBBEAN INTERNATIONAL BANK (JAMAICA) LIMITED
    SWIFT Code: FCIBJMKN
    Bank Name: FirstCaribbean International Bank (Jamaica) Limited
    Branch: New Kingston Branch, 23 – 27 Knutsford Boulevard, Kingston 5.
    Account Name: Barita Investments Limited
    Chequing Account Number: #1002277967

    Payment Reference: "Applicant's Name" – Derrimon APO; and

    e. Transfer via the Automated Clearing House (ACH) to the Applicant's stockbroker.

A penalty of J$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00.

APPENDIX 1 – APPLICATION FORM & BOSS INSTRUCTIONS

THIS SECTION FOR BROKER USE ONLY

DATE APPLICATION RECEIVED: TIME RECEIVED:

RECEIVED BY: ______________________ SIGNATURE: ______________________

PAYMENT METHOD:

Cheque ☐

Internal Transfer ☐

RTGS/ACH ☐

BOSS Iinstructions

BOSS is a digital online securities solution tool that will allow Applicants to submit Applications for EPOs (Electronic Public Offerings).

HOW TO USE

NEW USER SIGN UP

1. Visit our web address **www.baritaboss.com**
2. Sign up by clicking the "Buy APOS with BOSS" link
3. Enter your details (Name, email address, mobile number, create a password)
4. Click on the "create an account" button
5. Sign into the email address provided to activate your BOSS account- hit the activation link
6. Sign into BOSS
7. Select available offer – Click APPLY NOW
8. Enter the amount you wish to invest in the invitation/issue
9. Select your share pool
10. Click on the "continue" button
11. Read and accept the Terms of Use
12. Select the correct response to "Would you like to use an existing JCSD Number"

Follow the below to complete the form based on your responses

a. Barita Clients are required to select the correct response to having a "Barita Online Account (Y/N)"
b. Enter your JCSD and Broker details
c. Complete the Application Form

If you have indicated that there are Joint Holders then please note that an email notice of the Application will be sent to the Joint Holders for them to confirm and apply their signature in order to complete submission of the Application.

d. Upload a copy of your Driver's Licence or TRN

e. Sign the electronic signature form or download form for signing and upload
f. Enter payment verification information
g. Review your Application
h. Submit Application
i. You can view and track your Application at any time by signing into BOSS

EXISTING BOSS USERS:

1. Visit our web address www.baritaboss.com
2. Hit the Log In button
3. Enter credentials
4. Select available offer – Hit APPLY NOW
5. Enter the amount you wish to invest in the invitation/issue
6. Select your share pool
7. Click on the “continue” button
8. Read and accept to the Terms of Use
9. “Would you like to use an existing JCSD Number” - Select/ Enter your JCSD and Broker details

Please note that for quicker application submission certain steps may have been saved for you. Please review to ensure that the information has not changed.

10. Complete application form

If you have indicated that there are Joint Holders then please note that an email notice of the Application will be sent to the Joint Holders for them to confirm and apply their signature in order to complete submission of the Application.

a. Upload a copy of your Driver’s Licence or TRN
b. Sign electronic signature form or download form for signing and upload
c. Enter payment verification information
d. Review your Application
e. Submit Application
f. You can view and track your Application at any time by signing into BOSS

Appendix 02:

Auditor's Report & Audited Financial Statements for the Financial Year ended December 31, 2019

FINANCIAL STATEMENTS INDEX

31 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

STATUTORY FINANCIAL STATEMENTS

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Derrimon Trading Company Limited (the Company) and its subsidiaries (together the Group) and the stand-alone financial position of the Company as at 31 December 2019, and of its consolidated and stand-alone financial performance and its consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act (the Act).

What we have audited

Derrimon Trading Company Limited's consolidated and stand-alone financial statements comprise:

- The Group and Company statements of comprehensive income for the year ended 31 December 2019.
- The Group and Company statements of financial position as at 31 December 2019.
- The Group and Company statements of changes in equity for the year ended 31 December 2019.
- The Group and Company statements of cash flows for the year ended 31 December 2019.
- The notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Our Audit Approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatements in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgments, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Our 2019 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year, except the 100% acquisition of a subsidiary on 6 September 2018.

Our Group audit approach

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The entities of the Group are all located in Jamaica. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages. One company is audited by other independent accountants and it has adjusted its year end to report as at 31 December 2019, the effective year end of the Group. Based on the financial significance of the individual entities and our professional judgment, all the companies were selected for full scope audit procedures to achieve appropriate coverage on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand- alone financial statements for the year ended 31 December 2019. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the key audit matters to be communicated in our report relate, to the Group financial statements, as noted below:

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Key Audit Matters (continued)

Borrowings

Refer to notes 2 (s) and 29 to the financial statements for management's disclosures of related accounting policies, judgments and estimates relating to borrowings. As at 31 December 2019, long and short-term borrowings inclusive of preference shares and overdraft facilities, and excluding long term lease liabilities represented $.2.39 Billion (2018 - $1.67 Billion) or 41% (2018 – 41%) of the total assets of the Group. The Group continues to be highly leveraged.

The Parent Company remains highly leveraged as management continues to strategically use debt financing as the principal pillar to implement structured growth within the Group.

During the year, management implemented strategies to improve its gross margins, thereby improving its cash flows and its ability to meet its financial obligations as they fall due. Management has also restructured a significant portion of its short term to long term debt. The Parent Company continues to examine its financing options within the context of its debt management strategy and review its choices based on the present improving market conditions as well as the risk profile of the Parent Company.

We reviewed the loan agreements and repayment schedules. We noted that all the loans were being serviced on a timely basis as per the contractual agreements, principally by predetermined monthly deductions from the Company's bank accounts. We confirmed the balances, reviewed the maturity schedule for repayment, tested the interest calculations and determined that the total borrowings represented obligations by the Company and Group. We did not identify any negative correspondence from any financial institutions that indicated that the Company and the Group were in breach of its stipulated covenants or loan repayment terms. We tested the effectiveness of controls over the timely repayment of loans and other credit facilities and noted that they are compliant with the various agreements.

We had robust discussions with senior management regarding the growth and expansion strategy using debt as the principal means of growth and expansion and the ultimate strategy to reduce debt capital over the long term. A downside to this strategy is the inherent liquidity risk that the cash generating units acquired, may not perform as expected, resulting in the Company and Group being unable to meet its obligations as they fall due. Management has satisfied the concerns by providing us with evidence which supports the continued restructuring of a significant portion of its bullet payment short term debt to long-term syndicated facilities.

Management is mindful of this inherent liquidity risk. However, management is confident that their strategic growth and expansion plan will continue to perform based on historical performance and anticipated future positive trends, due to the encouraging economic factors being experienced in the marketplace. Management is of the opinion that adequate safeguards are in place as they have implemented the necessary policies and procedures including scenario analysis, alternative payment strategies in the event of cash flow challenges and direct monitoring of the individual borrowings.

We evaluated the performance of the borrowing portfolio subsequent to the end of the reporting period to determine whether there was a need for any adjustment or whether there were any default or breach of any terms of financial covenants. There were no adverse findings. We also reviewed legal and bank confirmations and correspondences, and we did not identify any negative matters or need for adjustment at the time of approval and signing of the audit report by the Board of Directors.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Key Audit Matters (continued)

Allowance for expected credit loss

Refer to the financial statements for management's disclosures of related to *notes 2 (o) and note 18* accounting policies, judgments and estimates relating to allowance for expected credit loss (ECL).

As described in Note2 (l) the Company applies a simplified approach in calculating Expected Credit Losses (ECL) as it relates to its trade receivable balances. As a result of this approach, the Company does not track changes in the credit risks associated with its individual receivable balances but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Based on IFRS 9, "Financial Instruments", the Company has established a provision matrix for the Company and Group that is based on its historical credit loss experience, past and current economic circumstances which adjusted for forward looking factors specific to the debtors.

The process of developing an ECL model requires management to use estimates and judgments which are by their nature inherently subjective.

In undertaking our audit work relating to the ECL model, we performed the following:

- We obtained a deeper understanding of the Company's and Group implementation process for determining the impact of the adoption of the ECL model
- We evaluated the techniques and methodologies used by the Company and Group to estimate the ECLs of the overall receivable balances. We assessed their assumptions to ensure alignment and compliance with the requirements of IFRS 9.
- We assessed the reasonableness of the methods and associated assumptions used by validating the completeness of the inputs used to derive the computed loss rates relating to the ECL for trade receivables.
- We evaluated the ECL computed impairment provision against the total balances over 90 days, along with known potential bad debt situations by certain customers to determine whether the ECL calculated figure was reasonable.

  We are satisfied that the ECL impairment provision of $32 million that represents 3.3% of the trade receivable balance of the Company is fairly stated as at 31 December 2019.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report inclusive of the Directors', Chairman of the Board and the Chief Executive Officer Reports but does not include the consolidated financial statements and our Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information, and we do not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above when it becomes available and, in doing so, we will consider whether the other information is materially consistent with the consolidated financial statements or whether knowledge obtained by us from the audit or otherwise, appear to indicate any material misstatements.

When we read the Annual Report, if we conclude that there are any material misstatements therein, we are required to communicate the matter to those charged with governance.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Key Audit Matters (continued)

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management
either intends to liquidate the Group, Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of reliability but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group' and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the Board of Directors of the Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements (continued)

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period. and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Wilfred McKenley.

McKenley & Associates

Chartered Accountants

27 February 2020
Kingston, Jamaica

	Note	2019 $'000	2018 $'000
Revenue			
Trading income	2(h)	12,649,017	9,303,460
Less cost of sales		10,370,183	7,612,427
Gross profit		2,278,834	1,691,033
Other income	5	37,767	66,248
		2,316,601	1,757,281
Less operating expenses:			
Administrative	6	(1,279,414)	(1,069,495)
Selling & distribution	6	(408,265)	(233,718)
		(1,687,679)	(1,303,213)
Operating profit before finance costs		628,922	454,068
Finance income		15,408	-
Finance costs	6	(298,604)	(172,223)
Profit before taxation		345,726	281,845
Taxation	11	(43,018)	(4,632)
Net profit being total comprehensive income		302,708	277,213
Net Profit Attributable to:			
Shareholders of the company		290,744	249,120
Non-controlling interests		11,964	28,093
		302,708	277,213
		$	$
Earnings per share	14	0.106	0.091

GROUP STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Non-current assets:			
Property, plant and equipment	15	483,476	457,651
Right of use assets	15	1,039,077	-
Goodwill	16	182,120	163,940
Investments		-	180,411
Intangible assets	16	256,523	233,478
Current assets:			
Inventories	17	1,992,174	1,280,787
Receivables	18	1,033,069	1,166,946
Investments	20	280,599	170,132
Taxation recoverable		6,019	5,999
Cash and cash equivalents	21	509,627	388,751
		3,821,488	3,012,615
Current liabilities:			
Payables	22	976,846	1,149,544
Short term loans	23	536,316	736,416
Current portion of borrowings	25	122,448	69,636
Current portion of lease liability	25	70,601	-
Taxation payable		7,472	8,525
		1,713,683	1,964,121
Net current assets		2,107,805	1,048,494
		4,069,001	2,083,974
Shareholder's equity			
Share capital	27	140,044	140,044
Capital reserves	12	94,638	94,638
Investment revaluation reserve	13	614	614
Retained earnings		934,834	820,343
		1,170,130	1,055,639
Non-controlling interests	24	163,382	162,597
		1,333,512	1,218,236
Non-current liabilities:			
Borrowings	25	1,731,003	862,658
Lease liability	25	1,000,272	-
Deferred tax liability		4,214	3,080
Total equity and non-current liabilities		4,069,001	2,083,974

Approved for issue by the Board of Directors on 27 February 2020 and signed on its behalf by:

Derrick Cotterell
Director

Earl Richards
Director

	Attributable to the Company's Shareholders					
	Share Capital	Capital Reserves	Retained Earnings	Investment Revaluation Reserve	Non-controlling Interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2018	140,044	133,053	590,357	614	171,107	1,035,175
Net profit for 2018, being total comprehensive income	-	-	249,120	-	28,093	277,213
Dividend payment	-	-	(19,132)	-	-	(19,132)
Movement during the year	-	(38,415)	-	-	(36,603)	(75,018)
Balance: 31 December 2018	140,044	94,638	820,343	614	162,597	1,218,236
Net profit for 2019, being total comprehensive income	-	-	290,744	-	-	290,744
Dividend payment	-	-	(27,334)	-	-	(27,334)
Dividends paid by subsidiary to non-controlling interest			(8,538)			(8,538)
Movement during the year	-	-	(140,381)	-	785	(139,596)
Balance: 31 December 2019	140,044	94,638	934,834	614	163,382	1,333,512

	Note	2019 $'000	* 2018 $'000
Cash flows from operating activities:			
Net profit before taxation		345,726	281,845
Taxation paid		(43,018)	(4,632)
Changes in non-cash working capital components:			
Depreciation	15	67,088	83,655
Depreciation- right of use	15	96,618	-
Gain on disposal of fixed assets		(176)	(669)
Foreign exchange loss		1,134	–
Non cash adjustments		(11,034)	(60,615)
Inventories		(711,387)	(446,601)
Short-term loans		(200,100)	-
Receivables		133,877	(158,353)
Investments		(110,468)	-
Taxation recoverable		(20)	-
Payables		(172,698)	330,348
Related party balance		1,316	-
Taxation payable		(1,054)	1,680
Net cash (used in)/ provided by operating activities		(604,196)	26,658
Cash flows from Investment activities:			
Proceeds from sale of fixed assets		428	1,650
Right of use	15	(1,135,694)	-
Purchase of fixed assets	15	(84,943)	(159,676)
Intangible asset		(41,223)	-
Investments		29,935	(355,000)
Net cash used in investment activities		(1,231,497)	(513,026)
Financing activities:			
Loans received during the year		1,017,970	817,456
Lease liability		1,074,016	-
Repayment of loans		(99,956)	(191,806)
Dividends paid		(27,334)	(19,132)
Dividends paid by subsidiary to non-controlling interest		(8,538)	-
Exchange loss on foreign cash balances		(723)	-
Deferred tax liability		1,134	3,080
Net cash used in financing activities		1,956,569	609,598
Net increase in cash and cash equivalents		120,876	123,230
Net cash balances at the beginning of the year		388,751	265,521
Net cash and cash equivalents at the end of year		509,627	388,751

Represented by:

	Note	2019 $'000	* 2018 $'000
Cash on hand		307,729	51,303
Cash and cash equivalents	21	201,898	337,448
		509,627	388,751

*Reclassified for comparative purposes.

	Note	2019 $'000	2018 $'000
Revenue			
Trading income	2(h)	11,637,878	8,759,236
Less cost of sales		9,608,914	7,244,705
Gross profit		2,028,964	1,514,531
Other income	5	26,864	44,406
		2,055,828	1,558,937
Less operating expenses:			
Administrative	6	(1,098,451)	(964,031)
Selling & distribution	6	(404,861)	(228,106)
		(1,503,312)	(1,192,137)
Operating profit before finance costs		552,516	366,800
Finance costs	6	(297,576)	(170,376)
Profit before taxation		254,940	196,424
Taxation	11	(27,538)	-
Net profit		227,402	196,424
Other comprehensive income, net of taxes		-	-
Total comprehensive income		227,402	196,424
		$	$
Earnings per share	14	0.083	0.072

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Non-current assets:			
Property, plant and equipment	15	385,375	380,199
Right of use assets	15	945,179	-
Goodwill	16	33,220	33,220
Deferred tax asset		5	-
Investment in subsidiaries and joint venture	10	942,541	*942,073
Current assets:			
Inventories	17	1,750,852	1,111,289
Investment	20	31,330	*15,736
Receivables	18	845,234	953,980
Taxation recoverable		1,347	-
Cash and cash equivalents	21	491,546	298,539
		3,120,309	2,363,808
Current liabilities:			
Payables	22	902,850	1,090,545
Short term loans	23	535,000	736,416
Current portion of borrowings	25	119,629	67,105
Current portion of lease liability	25	66,302	-
		1,623,781	1,894,066
Net current assets		1,496,528	469,742
Total assets less current liabilities		3,802,848	1,840,970
EQUITY			
Share capital	27	140,044	140,044
Capital reserves	12	94,638	94,638
Investment revaluation reserve	13	614	614
Retained earnings		947,982	747,914
		1,183,278	983,210
Non-current liability:			
Borrowings	25	1,711,454	857,760
Lease liability	25	908,116	-
Total equity and non-current liabilities		3,802,848	1,840,970

* Reclassified for comparative purposes

Approved for issue by the Board of Directors on 27 February 2020 signed on its behalf by:

Derrick F. Cotterell
Director

Earl A. Richards
Director

	Share Capital $'000	Retained Earnings $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Total $'000
Balance at 31 December 2016	140,044	366,307	614	57,503	564,468
Net profit for 2017	-	204,315	-	-	204,315
Realised gains on disposal of shares	-	-	-	39,103	39,103
Increase in capital reserve	-	-	-	36,446	36,446
Balance at 31 December 2017	140,044	570,622	614	133,052	844,332
Net profit for 2018	-	196,424	-	-	196,424
Dividends	-	(19,132)	-	-	(19,132)
Decrease in capital reserve	-	-	-	(38,414)	(38,414)
Net profit for 2019	-	227,402	-	-	227,402
Dividends	-	(27,334)	-	-	(27,334)
Balance at 31 December 2019	140,044	947,982	614	94,638	1,183,278

COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	* 2018 $'000
Cash flows from operating activities:			
Profit before taxation		254,940	196,424
Items not affecting cash resources:			
Finance costs paid	6	297,576	170,376
Taxation paid		(27,538)	-
Depreciation	15	51,967	49,498
Depreciation – right of use	15	90,918	-
Non-cash adjustments		(8,051)	(74,313)
Deferred tax		-	-
Gain on sale of fixed assets		-	(669)
Operating income before changes in operating assets and liabilities		659,812	341,316
Changes in non-cash working capital components:			
Inventories		(639,563)	(400,694)
Taxation recoverable		(1,348)	-
Receivables		108,746	(281,190)
Current portion – long term loans		-	-
Short term -loans		(201,416)	-
Payables		(187,697)	457,690
Taxation payable		-	-
		(921,278)	(224,194)
Cash (used in)/generated by operations		(261,466)	117,122
Finance costs		(297,576)	(170,376)
		(559,042)	(53,254)
Net cash used in operating activities			
Investment activities:			
Investments		(16,061)	(394,727)
Proceeds from sale of property, plant and equipment			1,650
Finance lease – right of use	15	(1,036,097)	-
Purchase of property, plant and equipment	15	(49,091)	(59,120)
Net cash used in investment activities		(1,101,249)	(452,197)
Financing activities:			
Loans received during the year		998,169	817,456
Repayment of loans		(91,950)	(189,422)
Finance lease		974,418	-
Deferred tax asset		(5)	-
Dividends paid		(27,334)	(19,133)
Net cash provided by financing activities		1,853,298	608,901
Net increase in cash and cash equivalents		193,007	103,450
Net cash balances at the beginning of the year		298,539	195,089
Net cash and cash equivalents at the end of year		491,546	298,539
Represented by:			
Cash on hand	21	304,916	298,539
Cash and cash equivalents	26	186,630	-
		491,546	298,539

*certain 2018 figures restated for comparative purposes.

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Derrimon Trading Company Limited ("the Company") is a company limited by shares, incorporated and domiciled in Jamaica. The Company registered office is located at 233-235 Marcus Garvey Drive, Kingston 11. The Company was incorporated in 1998.

The principal activities of the Company include the wholesale and bulk distribution of household and food items inclusive of meat products, chilled and ambient beverages and the retailing of those and other food items and meat products through the operation of a chain of outlets and supermarkets. The Company's subsidiaries are involved in manufacturing of flavours and fragrances along with wooden pallets.

Derrimon Trading Company Limited together with its subsidiaries is referred to as the "Group".

Effective December 17, 2013, the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein.

Going concern

The preparation of financial statements in accordance with IFRS assumes that the Company and Group will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail operations. This is commonly referred to as the *going concern* basis.

Management has assessed that the Company and Group have the ability to continue as a going concern and has prepared the financial statements on the going concern basis.

Basis of presentation

The financial statements have been prepared on the historical cost basis, except for the following, which are measured at fair value:

- Financial instruments at fair value through other comprehensive income; and
- Revaluation of certain property, plant and equipment

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues and expenses

Revenues and expenses are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent

Judgments and estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments and estimates that affect:

- The application of accounting policies;
- The reported amounts of assets and liabilities;
- Disclosures of contingent assets and liabilities; and
- The reported amounts of revenue and expenses during the reporting periods.

Actual results may differ from estimates made in these consolidated and separate financial statements. The use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience, and other factors, including expectations of future events, believed to be reasonable under the circumstances. Judgments and estimates are interrelated. Management's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revision to accounting estimates is recognized in the period in which the estimates are revised and in the future periods affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

The following are the accounting policies that are subject to judgments and estimates that the Management believes could have the most significant impact on the amounts recognized in the financial statements.

Operating segments information
Judgment – Management uses judgment in determining the similarity of the economic characteristic of the segments for aggregation.

Financial assets
Judgment – Financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on a) the company's business model for managing the financial assets and b) the contractual cash flow characteristic of the financial assets. Judgment is required in determining the business model and its objective.

Revenue from contract with customers
Judgment – is required in a) identifying performance obligations and determining the timing of the satisfaction of the performance obligations and b) the transaction price and the amount allocated to the performance obligations.

Estimation – if the consideration promised in a contract includes a variable amount, the company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer.

Leases
Estimation – The initial measurement of the *Lease Liability* is based on an estimate of the present value of the lease payments outstanding, discounted using the Company's incremental borrowing rate.

Also, the cost of the right-of-use asset comprises an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Consolidation
Judgment – The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the number of returns it receives from the entity. If facts and circumstances indicate that there are changes to one or more of the control elements, the Company reassess whether it still has control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

Joint arrangement

Judgment – Management applies judgment in determining the type of joint arrangement in which it is involved. The classification of the joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement, its structure and legal form, the terms agreed by the parties in the contractual arrangement, and when relevant, other facts and circumstances.

Investment property

Judgment – Management applies judgment in determining whether a property qualifies as an investment property. Criteria are developed to allow management to exercise that judgment consistently.

Related parties and related party transactions

Judgmen*t* – Management uses judgment in determining the level of details to be disclosed. Consideration is given to the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction(s).

Receivables
Estimation – Management's estimate of allowance on accounts receivable is based on an analysis of the Aged Receivables and measurement of the *Expected Credit Losses.* The Company measure expected credit losses by applying an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Income and other taxes Judgment – Income and other taxes are subject to Government policies. In calculating current and recoverable income and other taxes, Management uses judgment when interpreting the tax rules and in determining the tax position. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business.

Estimation – Income and other taxes are subject to Government policies, and estimates are required in determining the provision. Management recognizes liabilities for possible tax issues based on estimates of whether additional taxes may be due.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

Contingencies

In determining the existence of a contingent liability, management assesses the existence of:

- A possible obligation that arises from a past event and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or;
- A present obligation that arises from a past event but is not recognized because it is not possible that an outflow of economic benefit is required to settle or the amount of the obligation cannot be measured reliably. In estimating possible outflow of economic benefits In relation to a contingent liability, management, sometimes in consultation with experts such as legal counsel may or may not make provision in the financial statements based on judgments regarding possible outcomes according to specific but uncertain circumstances. Contingent liabilities are disclosed in the financial statements unless immaterial or the possibility of an outflow of economic benefits is remote.

Inventories

Estimation – Inventories are carried at the lower of cost and net realized value. Cost is measured at the *weighted average basis,* the estimation of net realized value is based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realize. Additionally, estimation is required for inventory provision due to shrinkage, slow-moving and expiration.

Impairment of assets

Judgment – Management uses judgment in determining the grouping of assets to identify the Cash-Generating Units ("CGUs") for testing for impairment of property, plant and equipment ("PPE"), Intangibles and Goodwill. Management has determined that it's three (3) strategic business units are its CGUs which comprise Distribution (Household products, detergents and bulk foods), Wholesale (Trading outlets and supermarkets) and Other Operations (Manufacturer of flavours and fragrances; and wood products). In testing for impairment of PPE, these assets are allocated to the CGUs to which they relate.

Judgment has been used, at each reporting date, in determining whether there has been an indication of impairment which would require the completion of impairment testing.

Estimation – Management's estimates of a CGUs' recoverable based on value-in-use involves estimating future cash flows before taxes. Future cash flows are estimated based on a multi-year extrapolation of the last five years historical actual results and a terminal value by discounting the final year in perpetuity. The growth rate applied to the terminal value is based on the Bank of Jamaica's target inflation rate or Management's estimate of the growth rate specific to the individual item being tested. The future cash flow estimates are then discounted to their present value using the appropriate pre-tax discount rate, which includes a risk premium specific to the business. The final determination of a CGUs' recoverable amount is based on fair value less cost to sell and its value-in-use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

Impairment of assets (continued)

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in other comprehensive income. This is reversed only if there has been a change in the estimates used to determine the recoverable amount and not to exceed the original carrying amount before its impairment. The reversal is also recognized in other comprehensive income.

Others

Estimation – Other estimates include determining the useful lives of Property, Plant and Equipment for depreciation; in accounting for and measuring payables and accruals and in measuring fair values of financial instruments.

Standards, amendments and interpretations to published standards effective in the current year.

The following new standards, amendments and interpretations have been issued and adopted, and, accordingly, have been applied in preparing the financial statements.

Leases (IFRS 16)

In January 2016, the IASB issued IFRS 16 – *Leases,* which replace IAS 17– *Leases* and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases unless the lease term is 12-months or less or the underlying assets has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating and finance leases being retained.

Annual Improvements 2015-2017

In December 2017, the IASB issued amendments to four standards, including IFRS 3 – Business Combinations, IFRS 11 Joint Arrangements, IAS 12 – Income Taxes and IAS 23 – Borrowing Costs.

The amendment to IFRS 3 clarifies how a company re-measures its previously held interest in a joint operation when it obtains control of a business. The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises. The amendment to IAS 23 clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity generally borrows when calculating the capitalization rate on general borrowings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, amendments and interpretations to published standards effective in the current year (continued)

Effects of Changes in Accounting Policies

The Company and Group adopted IFRS 16: Leases, effective January 1, 2019. This resulted in material changes to the financial statements as at December 31, 2019.

The change in accounting policy was made in accordance with the transitional provisions of IFRS 16. These provisions required the Company and Group to recognize *right-of-use* assets and *Lease Liability* of $1.14B (Company $1.04B) in the statement of financial position. And, *depreciation expense on right-of-use* assets of $96.6M (Company $90.9M) in the statement of profit or loss and other comprehensive income.

Expense, classified as *Rent*, totalling $144.2M (Company $134.8M) was replaced with *interest expense* and *principal repayment* on the *Lease Liability* of $79.3M (Company $73.1M) and $64.9M (Company $61.7M) respectively.

In addition, the Company and Group applied the practical expedient of continuing with contracts that were previously identified as leases applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not to apply leases to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

IFRS 16: Leases, will be applied retrospectively with the cumulative effect of initial application recognized in the opening balance of retained earnings, comparative information will not be restated.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company.

The following new standards, amendments, and interpretations have been issued and may impact the financial statements but are not effective for the fiscal year ended 31 December 2019 and accordingly, have not been applied in preparing these financial statements. These included:

Amendments to IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2019. These amendments clarify the accounting policy choice available for electing to measure the investments at fair value through profit or loss in accordance

Management is currently assessing the likely future impact of this amendment on its financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated, and have been applied consistently throughout the Group.

These consolidated financial statements include the accounts of Derrimon Trading Company Limited (DTCL) and entities it controls. An entity is controlled when the Company has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its returns from the entity. Income or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the Company and the non-controlling interests.

The consolidated financial statements include the financial statements of the Company and its holdings in Select Grocers and its subsidiaries, Caribbean Flavours and Fragrances Limited (CFFL) and Woodcats International Company Limited as follows:

Entity	Principal Activity	% Ownership by Company at 31 December 2019	% Ownership by Company at 31 December 2018
CFFL	Manufacture of Flavours and Fragrances	62.02%	62.02%
Select Grocers	Operation of Supermarket	60%	60%
Woodcats International Limited	Manufacturers of wooden pallets	100%	100%

DTCL as at December 31, 2019, owns 62.02% of the shares of CFFL, the same percentage as the prior year.

DTCL continues to hold 60% holding in the joint operation with Select Grocers and accounts for this entity by incorporating 60% of its assets, liabilities, revenue and expenses into the financial statements of the Parent Company.

On September 6, 2018, DTCL acquired 100% of the shares of Woodcats International Limited, a manufacturer of wooden pallets, making it a wholly-owned subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY (CONTINUED)

(b) Joint operation

A joint operation is an arrangement in which two or more parties contractually agree to the sharing of control and decisions about relevant activities require the unanimous consent of the parties sharing control. In a joint operation, the parties that have joint control have rights to the assets and obligations for the liabilities.

The Company records its interest in the joint operation's assets, liabilities, revenues and expenses in the Group accounts.

(c) Business combination

The company applies the acquisition method in accounting for a business combination.

The consideration transferred by the company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and the equity interests issued by the company.

The company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the company's financial statements prior to the acquisition. Assets acquired, and liabilities assumed are generally measured at their acquisition-date fair value.

Any Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of the identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount, i.e., gain on bargain purchase, is recognized in profit or loss immediately.

Transaction costs that the Company incurs in connection with a business combination are expensed immediately.

Non-controlling interests

Equity in the Company not attributable, directly or indirectly, to the Company, is considered non-controlling interest. When the proportion of the equity held by non-controlling interest's changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the Company. The Company recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the shareholders of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY (CONTINUED)

(d) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company has identified the following segments:

Distribution (Household products, chilled and ambient beverages, detergents and bulk foods);

Wholesale (Trading outlets and supermarkets); and

Other Operations (Manufacturer of Flavours and Fragrances, pallets and by products of wood)

In 2018, the ambient beverages division was added to the distribution segment as the Company entered into an agreement with SM Jahleel and Company Limited to distribute its beverage products. The pallets and by-products of wood were added to the other operations segment as a result of the 100% acquisition of Woodcats International Limited, resulting in the company becoming a part of the Group.

(e) Impairment of assets

The carrying amounts of property, plant and equipment, right-of-use assets, investment property, and intangible assets with finite useful lives are reviewed at the end of each reporting period to determine whether there are any indicators of impairment. Indicators of impairment may include a significant decline in asset market value, material adverse changes in the external operating environment which affect how the asset is used or is expected to be used, obsolescence, or physical damage of the asset. If any such indicators exist, then the recoverable amount of the asset is estimated. Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortized but are tested for impairment at least annually or whenever there is an indicator that the asset may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets (continued

Cash generating units (CGU)

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. The CGUs correspond to the smallest identifiable group of assets whose continuing use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to each of the CGUs (or groups of CGUs) expected to benefit from the synergies of the combination. Intangible assets with indefinite useful lives are allocated to the CGU to which they relate.

Management's policy is to principally write down Goodwill when the Company's cash generation capacity is unlikely to generate profits in an adverse economic environment.

Recording impairments and reversals of impairments

Impairments and reversals of impairments are recognized in other comprehensive income in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Any impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU. Impairments of goodwill cannot be reversed. Impairments of other assets recognized in prior periods are assessed at the end of each reporting period to determine if the indicators of impairment have reversed or no longer exist. An impairment loss is reversed if the estimated recoverable amount exceeds the carrying amount. The increased carrying amount of an asset attributable to a reversal of impairment may not exceed the carrying amount that would have been determined had no impairment been recognized in prior periods

(f) Foreign currency translation

Transactions in foreign currencies are translated into Jamaican dollars at rates in effect at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Jamaican dollars at the closing exchange rate at the statement of financial position date. Non-monetary assets and liabilities in foreign currencies that are measured in terms of historical cost are translated into Jamaican dollars at the exchange rate in effect at the date of the transaction or initial recognition. Non-monetary items in foreign currencies that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange gains and losses arising from translation are included in other comprehensive income.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign exchanges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Related parties' disclosure

Related parties are identified and disclosed to allow users of the financial statements to be aware of the possibilities that the financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the Company:

(i) A person or close member of that person's family is related to the Company if that person:
- Has control or joint control over the Company;
- Has significant influence over the Company; or
- Is a member of the key management personnel of the Company or a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions apply:
- The Company, its subsidiary and joint operation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both companies are joint ventures of the same third party.
- One company is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The company is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
- The company is controlled, or jointly controlled by a person identified in (a) above.
- A person identified related to the Group has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).
- The company, or any member of a group of which it is a part, provides key management personnel services to the company or the parent of the company.

A related party transaction involves the transfer of resources, services or obligations between a reporting company and a related party, regardless of whether there is a consideration or not.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition

Revenue is recognized when the company satisfies a performance obligation by transferring the promised goods to the customer in an amount that reflects the consideration the company expects to be entitled to in exchange for those goods.

The promised goods are transferred *when* or *as* the customer obtain control.

Revenue is recognized when the customer obtains control of the goods as described below:

i. **Sales**
The performance obligation, *satisfied at a point-in-time,* to transfer products to customers. Revenue is recognized when the products are delivered to the customers, and the customers take control of the products, and the company has a present right to payment as evidence by an invoice or the right to invoiced

ii. **Interest income**
The performance obligation, *satisfied over time, the* company simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Revenue is recognized when earned

iii. **Dividend income**
The performance obligation, *satisfied at a point-in-time,* the company simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Revenue is recognized when declared, and the right to receive payment is established.

iv. **Other operating income**
Includes gains and losses on disposal of assets, rental income received from investment properties and miscellaneous inflows. The performance obligation, *satisfied at a point-in-time,* the company simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Revenue is recognized when received from customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

(i) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items. The land is carried at cost and is not depreciated.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability.

Depreciation is calculated on a straight-line basis at such rates that will write off the carrying value of the assets over the period of their expected useful lives or lease term.

Current annual rates of depreciation are:

Buildings	2.5%
Leasehold improvements	2.5%
Machinery and equipment	10.0%
Furniture, fittings and fixtures	20.0%
Motor vehicles	20.0%
Computer	33.33%
Right-of-use	Straight-line over the period of the lease term

The assets' residual values and useful lives are reviewed periodically for impairment. Where the assets' carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of other comprehensive income. Repairs and maintenance expenditure are included in the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company.

The cost of self-constructed assets includes the cost of materials, direct labour and related cost to put the asset into service. Borrowing costs, including but not limited to, interest on borrowings and exchange differences arising on such borrowings, that are directly attributable to the acquisition and/or construction of a qualifying asset are capitalized as part of the cost of that asset. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its use are complete. Thereafter, borrowing costs are recognized in profit or loss when they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

Right-of-use assets are initial measurement at the present value of the lease payments outstanding, discounted using the Company's incremental borrowing rate and include an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

(k) Leases (right-of-use assets)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This is reassessed if the terms and conditions of the contract are changed.

Lessee
At January 1, 2019, the Company recognizes a *right-of-use* asset and a *lease liability*.

Initial measurement of the *right-of-use asset* is at cost, cost being the present value of the lease payments that are not paid at that date, discounted using the Company's *incremental borrowing rate*; plus an estimate of costs to be incurred on *retiring the asset,* i.e., asset retirement obligations required by the terms and conditions of the lease. The cost is remeasured if the terms of the lease changes.

The Company has elected to not to apply the *right-of-use asset* and *lease liability* to:

(a) short-term leases, less than 12-months; and
(b) leases for which the underlying asset is of low value, i.e., printers, laptop computers, small furniture and selected properties.

These will be charged as lease expense in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of identifiable assets acquired and liabilities assumed.

Goodwill is tested annually for impairment. Goodwill is impaired, when the cash-generating unit (CGU) to which the goodwill is allocated, *carrying value* is higher than the *recoverable value* of the unit. Impairment of goodwill is not reversed.

Other intangibles – brand name, formula, customer and supplier relationships and technological expertise

Other intangible represents the identified asset embedded in excess of the cost of an acquisition over the fair value of the Company's share of identifiable assets acquired and liabilities assumed.

Other intangible is tested annually for impairment. Other intangible is impaired when the cash-generating unit (CGU) to which the other intangible applies, *carrying value* is higher than the *recoverable value* of the unit. Impairment of other intangible is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and only to the extent of the original impairment loss

Research and development expenditure

Expenditures on research activities are expensed as incurred.

Expenditure on development activities is recognized as an asset if, and only if, the Company can demonstrate all of the following; otherwise, it is expensed as incurred:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) its intention to complete the intangible asset and use or sell it.

(c) its ability to use or sell the intangible asset.

(d) how the intangible asset will generate probable future economic benefits. among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) its ability to reliably measure the expenditure attributable to the intangible asset during its development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments

A financial instrument is any contract that gives rise to a receipt or payment in cash or its equivalents, and a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Subsequent measurement of these assets and liabilities is based on fair value or amortized cost using the effective interest method.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as Fair Value Through Profit or Loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Classification and Subsequent Measurement

Financial assets

The Company classifies financial assets according to its business model for managing the financial assets and the contractual terms of the cash flows. All the financial assets are classified in the measurement category *amortized cost* because the financial assets are held within a business model with the objective to hold financial assets to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Investments in equity instruments

The Company made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of its investments in equity instruments which are not *held for trading*. Dividends from these investments are recognized in profit or loss.

Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method with gains and losses recognized in net income in the period that the liability is derecognized. The financial liability is derecognized when the contractual obligations are discharged, cancelled or expire.

The Company does not carry any financial instruments classified as Fair Value Through Profit or Loss (FVTPL).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (continued)

Credit risk and expected credit loss

The Company is only expose to credit risk on its trade receivables, and as such does not provide for any *lifetime expected credit loss (LECL).* It applies the practical experience of not adjusting the promised consideration receivable because the period is less than 12-months.

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Receivables	Amortized cost	Amortized cost
Investments	Amortized cost	Amortized cost
Investments in equity	Amortized cost	Fair value
Cash and cash equivalents	Amortized cost	Amortized cost
Related party receivables	Amortized cost	Amortized cost
Bank overdraft	Amortized cost	Amortized cost
Payables	Amortized cost	Amortized cost
Short-term loan	Amortized cost	Amortized cost
Long-term borrowing	Amortized cost	Amortized cost

(n) Inventories

Inventories are carried at the lower of cost and net realizable value. The cost of inventories is determined based on the *weighted average cost* and includes costs incurred in bringing the inventories to their present location and condition. Inventories comprised finished goods, work-in-progress, and raw and packaging materials.

Net realizable value is the estimated selling price of inventory during the normal course of business less estimated selling expenses.

(o) Trade and other receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for *expected credit loss (ECL)* of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of this ECL allowance, and the amount of the loss is recognized in *Bad Debt expense* in the statement of profit or loss. When trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as recovery and credited to bad debt expense in the statement of profit or loss.

Prepayments are partial or full settlements of debt or expenses before the contractually obligated due date, this includes advances and deposits.

The Company's exposure to credit risk is disclosed in Note 29 (b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Income tax

The income tax expense for the year comprises current and deferred tax. Income tax expense is recognized in net income, except to the extent that it relates to items recognized either in other comprehensive income or directly in equity.

Current taxation

Current tax charge is the expected tax payable on the taxable income for the year, using tax rates in effect at the reporting date plus any over or under provision of tax in respect of previous years.

Deferred taxation

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

At December 31, 2018, deferred tax was accounted for because DTCL 100% tax free remission status expired December 16, 2018. DTCL will be subject to 50% income tax on its taxable profits from December 17, 2018 to Decembver 16, 2023.

The other subsidiaries of the Group that are subject to income tax is as follows:

(i) CFFL, is also listed on the Junior Market of the JSE and effective October 3, 2018, its 100% tax free status expired, and it is now subject to income tax at 50% on its taxable profits for the next five (5) years to October 2, 2023; and

(ii) The other subsidiary, Woodcats International, is not listed on the Junior Market of the JSE and is subject to payment of full income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner: short-term employee benefits are recognized as a liability, net of payments made, and charged as an expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

(r) Trade and other payables

Trade payables are obligations of the Company for goods or services acquired in the ordinary course of business from vendors and suppliers.

Amounts accrued for certain expenses are based on estimates and are included in payables.

The Company's exposure to liquidity and cash flows risks are disclosed in Note 29 (c)

(s) Borrowing; borrowing cost and interest

Borrowing (loans) is classified as current when the Company expects to settle the liability in its normal operating cycle, it holds the liability primarily for the purpose of trading, the liability is due to be settled within 12 months after the date of the statement of financial position, or it does not have an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position; Otherwise, it is classified as long-term. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

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 ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Share capital, dividends and distributions

Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted, net of tax from proceeds.

Dividends

Dividends declared, and payable to the Company's shareholders are recognized as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Company's Board of Directors.

Distributions

Distributions to non-controlling interest are recognized as a liability in the consolidated statement of financial position in the period in which the distributions are declared.

(u) Earnings per share

Basic earnings per share ("EPS") are calculated by dividing the net income attributable to the shareholders by the weighted average number of ordinary shares outstanding during the reporting period.

(v) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is charged to the statement of profit or loss net of any reimbursement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Investments

Investments are highly liquid instruments, primarily bonds and equities in both Jamaican and United States dollar denominations, with an original term to maturity of more than three months.

(x) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank charges. Borrowing costs are recognized in profit or loss using the effective interest method.

(y) Non-controlling interests

Equity in the controlled entities not attributable, directly or indirectly, to the Company, is considered non-controlling interest. When the proportion of the equity held by non-controlling interest's changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the controlled entities, the Company recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the shareholders of the Company.

(z) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

3. SEGMENTAL FINANCIAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions.

The Group operates three (3) segments. Two (2) segments are exposed to similar risks as they both sell household and grocery products and the third segment, which is new due to the consolidation of the subsidiary, manufactures flavours and fragrances. The principal divisions are:

(i) Distribution**-** distribution of Nestle household products, Sun Power Detergents and bulk food products and chilled and ambient beverages.

On September 3, 2018, the beverage division was added during the year as the Company was appointed as the exclusive distributor of SM Jahleel and Company Limited, a Trinidadian entity, to distribute its range of soft drinks and juices in the Jamaican marketplace.

(ii) Wholesale and retail **-** operation of seven (7) outlets, six trading under the name Sampars Cash and Carry and Sampars Outlets and the other under the name Select Grocers.

The distribution hub, along with four (4) outlets is located in Kingston and Saint Andrew, and the other three (3) locations are in rural Jamaica.

(iii) Other operations – manufacturer of flavours and fragrances and wooden pallets.

On September 6, 2018, the Company acquired 100% shareholding in Woodcats International Limited (WIL), a manufacture of wooden pallets and by products of wood such as mulch. The directors classified the operations of this entity under the 'other operations' segment.

3. SEGMENTAL FINANCIAL INFORMATION (CONTINUED)

The Group

	2019			
	Distribution	Wholesale & Retail	Other Operations	Total
	$'000	$'000	$'000	$'000
Revenue from external customers	3,464,951	8,172,927	1,011,139	12,649,017
Depreciation	14,410	37,558	15,120	67,088
Depreciation – *right of use*	17,761	73,157	5,700	96,618
Current liabilities	367,780	1,256,001	89,902	1,713,683
Current Assets	1,301,529	1,818,780	701,179	3,821,488

The Group

	2018			
	Distribution	Wholesale & Retail	Other Operations	Total
	$'000	$'000	$'000	$'000
Revenue from external customers	8,759,236	460,044	84,180	9,303,460
Depreciation	24,741	34,234	34,157	83,655
Current liabilities	1,320,576	563,173	77,842	1,961,591
Current Assets	1,812,234	769,030	431,349	3,012,613

The Company

	2019		
	Distribution	Wholesale & Retail	Total
	$'000	$'000	$'000
Revenue from external customers	3,464,951	8,172,927	11,637,878
Depreciation	14,410	37,558	51,968
Depreciation- *right of use*	17,761	73,157	90,918
Current liabilities	367,780	1,256,001	1,623,781
Current Assets	1,301,529	1,818,780	3,120,309

The Company

	2018		
	Distribution	Wholesale & Retail	Total
	$'000	$'000	$'000
Revenue from external customers	3,832,689	4,926,547	8,759,236
Depreciation	24,471	24,757	49,498
Current liabilities	1,381,128	563,173	1,944,301
Current Assets	1,812,233	769,030	2,581,263

Management provides individual segment accounting on a weekly and monthly basis to the CEO.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The Group's functional and presentation currency is the Jamaica dollar (J$)

5. OTHER INCOME

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest income	-	1	-	1
Advertising space	7,179	-	7,179	-
Rental from warehouse space	640	31,294	640	31,294
Other income: insurance proceeds, bad debts recovered and dividends	29,948	34,953	19,045	13,111
	37,767	66,248	26,864	44,406

6. EXPENSES BY NATURE

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Direct costs				
Cost of inventories recognized as an expense	10,370,183	7,612,427	9,608,914	7,244,705

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Administrative expenses				
Directors fees	,1,275	1,170	780	360
Insurance	46,716	52,399	40,897	48,557
Foreign exchange loss	474	-	-	-
Motor vehicle expenses	20,101	12,790	8,990	10,824
Professional services	61,367	68,103	52,748	62,508
Office expenses	49,713	22,165	41,597	18,473
Lease: *short term value*	3,082	-	-	-
Repairs and maintenance	40,491	29,334	35,343	26,557
Rental of equipment and office (see lease liability note)	-	139,995	-	125,180
Staff costs, including director's salary (note 7)	713,586	469,630	619,237	419,814
Security	39,003	32,367	37,366	30,057
Utilities	113,733	107,520	108,329	104,996
Depreciation	59,059	56,682	51,967	49,498
Depreciation *for right of use* assets	96,510	-	90,918	-
Travelling and accommodation	21,413	16,059	10,274	6,229
Other, including minimum business tax	12,891	61,281	-	60,978
	1,279,414	1,069,495	1,098,451	964,031

6. EXPENSES BY NATURE (CONTINUED)

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Selling and distribution				
Advertising and promotion	57,109	77,860	54,221	76,170
Commission	22,697	13,905	22,697	13,905
Bad debts written off	29,335	12,042	29,335	11,556
Trucking and delivery	260,363	129,911	259,847	126,475
Warehousing	38,760	-	38,760	-
	408,265	233,718	404,861	228,106

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Finance costs				
Long term loans: Interest (including preference dividend, credit line and bank charges)	220,044	*172,223	219,017	170,376
Lease liability interest expense	78,560	-	78,559	-
	298,604	172,223	297,576	170,376

* reclassified for comparative purposes

Expenses by nature include the total cost of sales, distribution costs, administration and other expenses.

7. STAFF COSTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Salaries and wages	543,445	501,975	460,412	383,155
Staff welfare	98,493	29,968	87,177	23,598
Contract services and other	71,648	39,547	71,648	13,061
	713,586	571,490	619,237	419,814

The average number of persons employed full-time by the Group during the year was 522 (2018 – 415), and part-time was 30 (2018- 62).

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8. JOINT OPERATIONS

Since March 2017, the Company has a 60% interest in Select Grocers, an unincorporated business. Select Grocers is operated as an "upscaled" supermarket positioned to capture the affluent middle classes. There was no change in the strategic direction, management or operation of this entity during the year.

Select Grocers: Summarized financial information as at 31 December 2019.

	2019 $'000	2018 $'000
Dividends received from joint operation	Nil	Nil
Current assets	163,225	113,626
Cash and cash equivalents included in current assets	23,838	8,278
Non-current assets	325,644	143,544
Current liabilities	86,891	84,360
Current financial liabilities, *excluding trade and other payables and provision*, included in current liabilities	-	-
Non-current liabilities	202,329	6,000
Revenue	619,968	564,697
Depreciation and amortization	14,450	14,254
Interest income	-	-
Interest expense (including lease expense)	(28,034)	(1,049)
Income tax expense or income	-	-
Profit or loss from continuing operations	32,840	24,218
Post-tax profit or loss from continuing operations	32,840	24,218
Other comprehensive income	-	-
Total comprehensive income	32,840	24,218

9. INVESTMENT IN SUBSIDIARIES

As at December 31, 2019, the Company has holdings of 62.02% and 100% of the issued shares of Caribbean Flavours and Fragrances Limited (CFFL) and Woodcats International Limited (WIL) respectively.

CFFL: Summarized financial information as at December 31, 2019

	2019	2018
	$'000	$'000
Dividends received from subsidiary	12,432	11,959
Current assets	463,587	453,273
Cash and cash equivalents included in current assets	11,546	65,632
Non-current assets	99,634	21,196
Current liabilities	50,880	40,866
Current financial liabilities, *excluding trade and other payables and provision*, included in current liabilities	6,200	2,531
Non-current liabilities	82,163	4,898
Revenue	462,462	674,298
Depreciation and amortization (including *rights of use)*	12,068	7,185
Interest income	15,408	25,381
Interest expense (including lease liability)	(520)	(1,152)
Income tax expense	(5,307)	(2,204)
Profit or loss from continuing operations	36,807	118,085
Post-tax profit from continuing operations	31,500	115,881
Other comprehensive income	-	-
Total comprehensive income	31,500	115,881

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Woodcats International Limited: Summarized financial information as at December 31, 2019

	2019 $'000	2018 $'000
Dividends received from subsidiary	-	-
Current assets	202,430	186,628
Cash and cash equivalents included in current assets	6,535	26,610
Non-current assets	127,526	56,256
Current liabilities	39,024	35,428
Current financial liabilities, *excluding trade and other payables and provision*, included in current liabilities	919	-
Non-current liabilities	33,760	30,880
Revenue	548,677	462,990
Depreciation and amortization	8,753	4,893
Interest income	1	-
Interest expense	(508)	(6,236)
Income tax expense	(10,174)	(10,737)
Profit or loss from continuing operations	53,979	53,936
Post-tax profit or loss from continuing operations	43,805	43,198
Other comprehensive income	-	-
Total comprehensive income	43,805	43,198

	The Company	
Investment in Subsidiaries and Joint Venture	2019 $'000	2018 $'000
Caribbean Flavours & Fragrances	438,722	438,722
Woodcats International	355,000	355,000
Long-term Investment	148,819	148,351
Balance at the end of the year	942,541	942,073

11. INCOME TAX

Derrimon Trading Company Limited (DTCL) is listed on the Junior Market of the Jamaica Stock Exchange, effective December 17, 2013, and under the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice 2010, 100% of income taxes will be remitted by the Minister of Finance during the first five (5) years of listing, which expired December 17, 2018. DTCL is now required to account for income tax at 50% during the second five (5) years, from December 17, 2018, to December 16, 2023.

To obtain the remission of income taxes, the following conditions should be adhered to over the period:

(a) DTCL remains listed for at least 15 years and is not suspended from the JSE for any breaches of the rules of the JSE;
(b) The Subscribed Participating Voting Share Capital of DTCL does not exceed $500 million; and
(c) DTCL has at least 50 Participating Voting Shareholders.

The financial statements have been prepared on the basis that DTCL will have the full benefit of the tax remissions. The period is as follows:

Years 1 to 5 (December 17, 2013- December 16, 2018) – 100%
Years 6 to 10 (December 17, 2018- December 16, 2023) - 50%

DTCL's subsidiary, CFFL also benefits from tax remission effective October 2, 2013, the Company's shares were listed on the Junior Market of the JSE. Effective October 3, 2018, the 100% remission status expired and CFFL is now subject to Income Tax at 50% for the year ended December 31, 2018. The Company is entitled to a remission of income taxes for (10) ten years in the following proportion:

Period October 3, 2013 – October 2, 2018 - 100% of standard rate.
Period October 3, 2018 – October 2, 2023 – 50% of standard rate.

11. INCOME TAX (CONTINUED)

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current tax expenses:				
Current tax expense @ 25%	99,700	65,619	78,546	52,677
Remission of income tax @ 50% (2018-100%)	(44,560)	(50,657)	(39,253)	(50,657)
	52,940	14,962	39,253	2,020
Deferred tax expense/(benefit):				
Origination and reversal of temporary and other differences	(9,922)	(10,330)	(11,715)	(2,020)
Total income tax expense for the year	43,018	4,632	27,538	-

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Reconciliation of expected and actual tax expense:				
Profit before taxation	345,725	281,845	254,940	196,424
Adjustments to income taxes resulting from:				
Computed "expected" tax expense @ 25%	86,431	70,461	63,735	49,106
Difference between profit for financial statements and tax reporting purposes on: -				
Depreciation and capital adjustments	(15,819)	(12,332)	(11,715)	(16,901)
Net effect of other charges for tax purposes	20,788	1,924	14,770	18,452
Employers tax credit	(3,822)	(4,764)	-	-
Adjustment for the effect of remission of tax	(44,560)	(50,657)	(39,252)	(50,657)
Reconciled tax charge to profit and loss	43,018	4,632	27,538	-

12. CAPITAL RESERVE

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance: 31 December	94,638	94,638	94,638	94,638

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Represented by:				
2011: Surplus on revaluation of fixed assets:	94,638	38,420	94,638	38,420
Realized gains on disposal of shares	-	689	-	689
2012: Surplus on revaluation of fixed assets:	-	55,529	-	55,529
	94,638	94,638	94,638	94,638

13. INVESTMENT RESERVE

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Closing balance: 31 December 2019	614	614	614	614

14. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the Group and Company net profit attributable to shareholders divided by the weighted average number of ordinary shares of 2,733,360,670 (2018- 2,733,360,670).

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net profit attributable to shareholders	290,744	249,120	227,402	196,424
The weighted average number of ordinary shares in issue	2,733,361	2,733,361	2,733,361	2,733,361
Basic earnings per ordinary share	0.106	0.091	0.083	0.072

15. PROPERTY, PLANT AND EQUIPMENT

2019
The Group

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation								
1 January 2019	314,058	23,058	107,646	49,499	15,933	195,304	705,498	-
Additions	33,288	11,866	17,596	-	-	22,194	84,944	1,135,695
Disposals	-	-	(1,500)	-	-	-	(1,500)	-
31 December 2019	347,346	34,924	123,742	49,499	15,933	217,498	788,942	1,135,695
Acc. Depreciation								
1 January 2019	155,109	18,055	52,623	7,917	3,413	10,158	247,275	-
Charge for year	42,591	1,836	17,009	1,010	-	4,642	67,088	96,618
Disposals	-	-	(1,248)	-	-	-	(1,248)	-
	(7,649)	-	-	-	-	-	(7,649)	-
31 December 2019	190,051	19,891	68,384	8,927	3,413	14,800	305,466	96,618
Netbook value								
31 December 2019	157,295	15,033	55,358	40,572	12,520	202,698	483,476	1,039,077

2018
The Group

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation								
1 January 2018	248,545	20,440	62,082	49,499	15,933	160,453	556,952	-
Additions	68,673	2,618	53,534	-	-	34,851	159,676	-
Disposals	(3,160)	-	(7,970)	-	-		(11,131)	-
31 December 2018	314,058	23,058	107,646	49,499	15,933	195,304	705,497	-
Acc. Depreciation								
1 January 2018	98,825	16,461	39,504	7,917	3,413	3,825	169,945	-
Charge for year	57,710	1,594	18,018	-	-	6,333	83,655	-
Disposals	(1,426)	-	(4,899)	-	-	-	(6,325)	-
31 December 2018	155,109	18,055	52,623	7,917	3,413	10,158	247,275	-
Netbook value								
31 December 2018	158,878	5,003	54,523	41,582	12,520	185,146	457,651	-

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019
The Company

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$''000	$'000	$'000	$'000
Cost or valuation								
1 January 2019	296,506	17,971	78,248	49,499	12,520	128,125	582,869	1,036,097
Adjustment- prior year	(1,612)	(69)	786	-	-	(531)	(1,426)	-
Additions	13,222	11,867	3,995	-	-	20,007	49,091	-
31 December 2019	308,116	29,769	83,029	49,499	12,520	147,601	630,533	1,036,097
Acc. Depreciation								
1 January 2019	131,027	14,467	41,273	8,952	-	6,771	202,490	-
Charge for year	36,900	1,679	8,788	1,010	-	3,590	51,967	90,918
Adjustment- prior year	(5,116)	589	(2,147)	172		(2,797)	(9,299)	-
31 December 2019	162,811	16,735	47,914	10,134	-	7,564	245,158	90,918
Netbook value								
31 December 2019	146,305	13,034	35,115	39,365	12,520	140,037	385,375	945,179

2018
The Company

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation								
1 January 2018	274,234	15,415	51,107	49,499	12,520	126,040	528,815	-
Additions	22,269	2,556	32,211	-	-	2,085	59,120	-
Disposals	-	-	(5,070)	-	-	-	(5,070)	-
31 December 2018	296,506	17,971	78,248	49,499	12,520	128,125	582,868	-
Acc. Depreciation								
1 January 2018	95,599	13,329	36,803	7,917	-	3,613	157,261	-
Charge for year	35,428	1,318	8,560	1,035	-	3,158	49,498	-
Disposals	-	-	(4,089)	-	-	-	(4,089)	-
31 December 2018	131,027	14,647	41,273	8,952	-	6,771	202,670	-
Netbook value								
31 December 2018	165,479	3,324	36,974	40,547	12,520	121,354	380,199	-

16. INTANGIBLE ASSETS

The Group continued to use the name, *Sampars Cash and Carry* to brand six (6) of its retail outlets and the name, Select Grocers, for its supermarket. The business acquisitions of Caribbean Flavours and Fragrances Limited and Woodcats International limited provided intangible assets in the form of *technical formulae* and *special customer relationships*; and general *goodwill*, respectively.

These intangibles are assessed to have indefinite useful lives and their useful lives are dependent on the useful life of the cash-generating unit (CGU) to which they are allocated.

The Group determines whether intangibles, including goodwill, are impaired on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the CGU. The recoverable amount is determined by reference to the value in use which is based on the management's estimate of the expected future cash flows from the CGU using an agreed discount rate to calculate the present value of future cash flows.

For the current period, after review, analysis and assessment, management is of the opinion, that there is no impairment in the total value of intangibles, including goodwill, as the *recoverable amounts* are higher than the *carrying amounts*.

	The Group 2019 $'000		The Company 2019 $'000	
	Intangibles	Goodwill	Intangibles	Goodwill
January 1, 2019	942,541	33,220	-	33,220
-Addition, Business acquisition	256,523	148,899	-	-
-Impairment	-	-	-	-
-Other adjustments	(942,541)	-	-	-
December 31, 2019	256,523	182,120	-	33,220

	The Group 2018 $'000		The Company 2018 $'000	
	Intangibles	Goodwill	Intangibles	Goodwill
January 1, 2018	256,523	33,220	-	33,220
-Addition, Business acquisition	-	130,720	-	-
-Impairment	-	-	-	-
-Other adjustments	(23,045)	-	-	-
December 31, 2018	233,478	163,940	-	33,220

17. INVENTORIES

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Sampars wholesale outlets and Select Grocers; grocery and household items	636,764	401,967	636,764	401,967
Wholesale bulk commodity food items	1,114,087	709,322	1,114,087	709,322
Subsidiaries: flavours and fragrances and pallet inventories	241,323	169,498	-	-
	1,992,174	1,280,787	1,750,852	1,111,289

18. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Receivables				
Trade receivables	966,852	920,602	827,734	745,082
Provision for bad debts	(32,812)	(33,233)	(32,381)	(32,380)
	934,040	887,369	795,353	712,702
Staff advances	10,992	6,911	9,462	4,242
Other receivables	88,037	272,666	40,419	237,036
	1,033,069	1,166,946	845,234	953,980

The following are the trade receivables ageing as of 31 December 2019 and 2018.

The Group
Past due but not impaired

Year	0-60 days $'000	60-90 days $'000	Over 90 days $'000	Total $'000
2019	796,629	67,652	102,571	966,852
2018	778,740	52,479	89,384	920,602

The Company
Past due but not impaired

Year	0-30 days $'000	31-59 days $'000	60-90 days $'000	Over 90 days $'000	Total $'000
2019	561,418	110,498	63,224	92,594	827,734
2018	556,443	110,853	35,608	42,178	745,081

18. RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movement in provision for bad debts against trade receivables:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
01 January 2019	33,233	31,180	32,380	30,748
Amounts provided for during the year	(421)	2,053	-	1,632
31 December 2019	32,812	33,233	32,380	32,380

During the year, the Company wrote off $ 29,334,673 (2018- $12,256,143) to profit or loss after repeated attempts were made to collect long outstanding amounts. Management has deemed the current receivable balance to be collectable, as all doubtful amounts were written off during the year.

19. RELATED PARTIES AND RELATED PARTIES TRANSACTIONS

Related party balances consist of the following:

(a) Due from related parties

	The Group and the Company	
Convenience Store:	2019 $'000	2018 $'000
Opening balance:	8,166	7,308
Purchases during the year	10,089	12,965
Amounts repaid based on invoices	(5,775)	(12,107)
Balance at the end of the year	12,480	8,166

The Convenience Store is an entity owned by a director. The balance is included in receivables on the Statement of Financial Position.

(b) Key management personnel

During the year the Group paid salaries and repaid loans from key management personnel.

19. RELATED PARTIES AND RELATED PARTIES TRANSACTIONS (CONTINUED)

(c) Transactions with related parties

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Remuneration paid to directors	85,445	61,482	48,927	36,687
Management fees received from subsidiary	-	(5,500)	-	(5,500)
Professional fees paid to a director for legal services	3,126	3,192	3,126	3,192
Fees paid to directors	1,275	1,170	780	360

Due to/(from) CFFL

	2019 $'000	2018 $'000
Credit risk exposures are as follows:		
Opening balance:	-	-
Amounts loaned during the year	56,572	289,060
Amounts repaid during the year	(56,572)	(289,060)
Balance at the end of the year	-	-

Amounts were borrowed from and repaid by the Company to its subsidiary, CFFL during the year. Interest was charged on the loans at market rates.

20. INVESTMENTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Bonds	4,956	4,956	4,956	4,956
Bonds – (US$)	6,865	-	6,865	-
Scotia Investment Funds	173,185	-	-	-
Jamaica Money Market Brokers Limited (US$)	21,531	106,639	-	-
NCB Capital Markets (US $)	51,189	49,393	1,636	1,636
Mayberry Structured: Corporate Paper (MSCP)	22,873	9,144	17,873	9,144
	280,599	170,132	31,330	15,736

Interest earned on bonds ranges between 3.9% -5%. The MSCP is at 11%.

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Foreign currency accounts	48,872	25,133	41,306	12,811
Cash in hand and Jamaican dollar accounts	460,755	363,618	450,240	285,728
	509,627	388,751	491,546	298,539

The weighted average effective interest rate on Jamaican dollar and US dollar short term deposits was 1.1% (2018 – 2%) and 0.098% (2018 – 1%) respectively. These represent call deposits which are repayable on demand.

22. PAYABLES

	The Group		The Company	
	2019 $ $'000	2018 $ $'000	2019 $ $'000	2018 $ $'000
Local payables and accruals	762,848	975,339	700,135	953,013
Foreign trade payables	194,851	140,733	189,841	120,121
Staff related payables	6,951	19,577	5,339	7,579
Statutory liabilities	12,196	13,895	7,535	9,832
	976,846	1,149,544	902,850	1,090,545

23. SHORT TERM LOANS

	The Group		The Company	
	2019 $ $'000	2018 $ $'000	2019 $ $'000	2018 $ $'000
Credit lines with various financial institutions	536,316	736,416	535,000	736,416

The credit lines are unsecured and used to purchase significant commodities sold by the Group.

24. NON –CONTROLLING INTEREST

	The Group	
	2019 $ $'000	2018 $ $'000
Non- controlling interest in CFFL subsidiary	163,382	162,597

Set out be below is the summarized financial information for the subsidiary that has a non-controlling interest that is material to the Group.

Summarized statement of financial position included in the consolidated Group results:

	The Group	
	2019 $ $'000	2018 $ $'000
Current -		
Assets	463,587	453,273
Liabilities-	50,880	45,601
Non- current net assets	99,634	21,196
Net asset	512,341	428,868

Summarised comprehensive income included in the consolidated Group results:

	The Group	
	2019 $ $'000	2018 $ $'000
Revenue	462,462	674,298
Cost of sales	(323,302)	(432,190)
Profit before tax	36,807	118,085
Dividends paid to non-controlling interest	8,538	8,538

24. NON –CONTROLLING INTEREST (CONTINUED)

Summarised cash flows included in the consolidated Group results:

	The Group	
	2019 $'000	2018 $'000
Cash generated from operations	33,501	46,912
Net cash generated from operating activities-		
Net cash used in investing activities	(148,619)	(25,160)
Net cash (used in)/provided by financing activities	61,032	(23,948)
Net (decrease)/increase in cash and cash equivalents	(54,086)	(2,196)
Cash and cash equivalents at the beginning of the year	65,632	67,828
Cash and cash equivalents at the end of the year	11,546	65,632

The information relating to non-controlling interest represents amounts before intercompany eliminations.

25. BORROWINGS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
i) 7.5% Mayberry- J$100M	92,380	-	92,380	-
ii) 8.49% Bank of Nova Scotia	21,098	5,520	3,565	5,520
iii) 9.69% National Commercial Bank (NCB)	1,489	2,371	1,489	2,371
iv) 10% First Global Bank (FGB)	1,414	2,856	1,414	2,856
v) Director's loan	-	6,000	-	6,000
vi) 9% Redeemable Preference Shares	350,000	350,000	350,000	350,000
vii) 12% National Commercial Bank	131	1,348	131	1,348
viii) Mayberry- Margin A/C	122,169	-	122,169	-
ix) 7.25% Sagicor $21M	20,271	-	20,271	-
x) 7.25% Sagicor $355M	338,470	-	338,470	-
xi) 8.35%-10% FGB Loan	6,518	10,902	1,685	3,473
xii) 7.25% Sagicor Loan	227,264	243,621	227,264	243,621
xiii) 7.25% FGB Loan	272,903	292,485	272,903	292,485
xiv) 9.5% Jamaica National (JN) Loan	5,256	5,794	5,256	5,794
xv) 9.5% JN Loan	6,214	6,882	6,214	6,882
xvi) 9.5% JN Loan	4,018	4,515	4,018	4,515
xvii) 7.75% JMMB Loan	285,696	-	285,696	-
xviii) 7.25 % Sagicor $100M	98,160	-	98,160	-
Total Borrowings	1,853,451	932,294	1,831,085	924,865
Less: current portion	(122,448)	(69,636)	(119,629)	(67,105)
	1,731,003	862,658	1,711,454	857,760
xix): Lease Liability	1,070,873	-	974,416	-
Less: current portion	(70,601)	-	(66,302)	-
	1,000,272	-	908,116	-

25. BORROWINGS (CONTINUED)

i) This represents a promissory note to be repaid at March 20, 2021

ii) The 8.49% BNS loan monthly repayment is $177,735 and the final payment is scheduled for October 2022

iii) The 9.69% is payable in monthly installments of $73,480, and the final payment is scheduled for June 2022.

iv) The 10% FGB loan is repayable by monthly installment of $148,770 and the final payment is scheduled for September 2020.

v) During the year, the director's loan was repaid.

vi) The 11.75% Redeemable Preference Shares were issued in March 2015 and was redeemed in full in March 2018. The funds raised were used to pay off credit line along with certain shareholders loans and to provide working capital support. During the year, this loan was upsized to $350 million at a reduced rate of 9%

vii) The 12% loan is payable by monthly installments of $50,693 and the final payment is scheduled for May 2020.

viii) This balance represents a margin facility held with Mayberry Investment Limited.

ix) This balance represents a demand loan associated with the refinancing of the full cost associated with the purchase of Woodcats International Limited. The loan is repayable in monthly installments of $246,542 up to 10 years.

x) This represents a demand loan, used to re-finance the bridge loan obtained from Mayberry to acquire Woodcats International Limited. The loan is repayable up to 10 years at $4,167,737 monthly.

xi) The 8.35% - 10% FGB loans were used to purchase motor vehicles and are secured by the said vehicles.

xii) The 7.25% Sagicor loan was used to liquidate bonds at higher rates of interest.

xiii) The 7.25 FCB loan was used to liquidate the 11.25% bond. This loan was re-negotiated with monthly repayments of $3,566,971 up to 8years.

xiv) The 9.5% JN loans were used to purchase motor vehicles.

xv) The 9.5% JN loans were used to purchase motor vehicles

xvi) The 9.5% JN loans were used to purchase motor vehicles

xvii) This balance is comprised of:

(a) 7.75% term loan of $258,800,000 used to refinance US Dollar credit facilities and higher interest term facilities and is re-payable at a monthly installment of $4,001,553.

(b) revolving line of credit of $41,200,000 to provide working capital support at an interest rate of 7.75% per annum.

xviii) This is an amortizing term loan used for renovation and capital expenditure for Sampars stores and information technology capital projects. The loan is repayable up to 9 years with a monthly installment of $1,521,518.

The loans are secured by registered charges over real estate and motor vehicles owned by DTCL, guarantees of certain shareholders, shares of subsidiary, investments and cash deposits.

25. BORROWINGS (CONTINUED)

No borrowings or loans were in default during the period that would permit any lender to demand accelerated repayment

xix) **LEASE LIABILITY**

Right-of-use Assets, blended principal and interest payments (rent payments) are made monthly in the amount of $14,157,887 interest is charged at 7.25%, maturing in 2039.

Principal amounts payable:

-Current portion	$ 70,601,400
-Long-term	$1,000,272,106
	$1,070,873,506

Principal repayments for each of the next five years:

2020	$ 70,601,400
2021	$ 75,893,561
2022	$ 81,582,413
2023	$ 66,487,807
2024-2039	$776,232,324

26. BANK OVERDRAFT

As at 31 December 2019, the company had no bank account in an overdrawn position.

27. SHARE CAPITAL

	Number of shares	Ordinary shares
		$ $'000
Issued and fully paid:		
At 31 December 2019	2,733,360,670	140,044

The Board of Director's met in November 2019 and approved the payment of a dividend of $0.01 per share to shareholders on record as at 29 November 2019. The payment was made in December 2019.

28. OPERATING PROFIT BEFORE TAXATION

The following items have been charged/(received) in arriving at operating profit before taxation:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Auditors' remuneration	7,882	6,628	4,200	3,700
Directors' emoluments:				
Fees	1,275	1,170	780	360
Management remuneration	85,445	61,482	48,927	36,687
Bad debts written off	29,335	12,701	29,335	6,846
Management fees to Parent Company	-	(5,500)	-	(5,500)
Inventory written off during the year	3,339	-	3,339	-
Depreciation	67,088	61,575	51,967	49,498
Depreciation- right of issue	96,618	-	90,918	-
Staff costs (including management remuneration)	799,031	622,971	668,164	409,814

29. CAPITAL AND RISK MANAGEMENT

Capital Management:

The Group defines capital as equity and total borrowings. The Group manages its capital, of $1.9 Billion to support and be responsive to opportunities for its current growth strategy and expansion plans and to maintain its normal operations and remain compliant with various covenants and restrictive rules and regulations of the industry and the financial environment in which it operates.

Capital Management Strategies

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide specific hurdle returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital as well as meet externally imposed capital requirements. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as total borrowings divided by capital as defined above. Total borrowing is calculated as current and non-current borrowings, as shown in the consolidated statement of financial position. Capital is calculated as equity, as shown in the statement of financial position plus total borrowings. The management of the Company remains deliberate in the way it funds its growth strategy and given the present economic environment and the general reduction in the cost of capital in the market; management continues to adjust major debts from a bullet repayment structure to that of amortization and lengthening of tenors.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

During 2019, the Group's strategy, which was in principle unchanged from 2018, was to maintain the gearing ratio below 100%. The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	The Group		The Company	
	31 Dec 2019 $'000	31 Dec 2018 $'000	31 Dec 2019 $'000	31 Dec 2018 $'000
Total borrowings (excluding lease liability	2,389,767	1,668,710	2,366,083	1,661,280
Capital and borrowings	3,565,642	2,566,980	3,577,003	2,644,491
Gearing ratio	67%	65%	66%	63%

The Company continues to use debt financing to expand its operations. There have been no significant changes to the Group's overall approach to capital management during the year.

Risk Management:

The Group's activities expose it to a variety of financial risks: market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks as well as its objectives, policies and processes for measuring and managing risk.

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies and through training to develop standards and procedures and a disciplined and constructive control environment in which all employees understand their roles and obligations.

Audit Committee

The Board of Directors has also established an Audit Committee to assist in managing the Group's risk profile. This Committee oversees how management monitors compliance with the Group's risk management policies and reviews the adequacy of the risk management framework. This committee is also assisted by Internal Audit that reports to the Audit Committee after it undertakes regular and ad hoc reviews of risk management controls and procedures, especially over inventories and receivables.

a) Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks principally arise from changes in foreign currency exchange rates, interest rates and commodity prices. The objective of market risk management is to manage and control market risk exposures within acceptable limits while optimizing returns. This risk is principally monitored by the finance director, along with guidelines from the board of directors.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

Audit Committee (continued)

a) Market risk (continued)

There has been no change to the Group's exposure to market risk or how it manages and measures this risk.

i. Commodity Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company is exposed to price risk principally relating to the importation of rice. The Company enters into commodity contracts in respect of the anticipated future usage requirements and the price on imported rice is tracked and purchased in advance, when necessary, if the price on the international market is increasing. This strategy is used to mitigate this risk.

ii. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk, due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. The Group is exposed to foreign exchange risk, arising primarily with respect to the US dollar, from commercial transactions such as the importation and sale of bulk rice that represents a significant percentage of the Group's overall purchase figure. To manage currency risk on imported rice, the Group enters into short and medium-term arrangements with millers and producers at agreed terms primarily in producing countries.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

ii. Currency risk (continued)

Foreign currency bank accounts are maintained at levels which will meet foreign currency obligations and management also has access to purchase foreign currencies at market or close to market rates thereby reducing or mitigating the Group's exposure to sudden exchange rate fluctuations. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by closely monitoring currency positions. The Group further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

As at 31 December 2019, the Group had net foreign currency liabilities of US$1.7 Million (2018-US$1.6 Million) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risks

	The Group		The Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Foreign currency financial assets:				
Cash equivalents and investments	413	101	356	101
Foreign currency financial liabilities:				
Payables and accruals	(2,284)	(953)	(2,111)	(953)
Borrowings	-	(792)	-	(792)
	(2,284)	(1,745)	(2,111)	(1,745)
Total net foreign currency liabilities	(1,870)	(1,644)	(1,755)	(1,644)

A significant portion of the Group's purchases is made using United States (US) dollars. The Group hedges against the movement in the United States dollar principally by holding cash resources in that currency, prompt payment, when necessary, of foreign currency bills as they become due along with maximizing efforts to earn foreign currency by innovating marketing on-line to the Jamaican Diaspora community.

In accordance with accounting policies applied consistently, exchange gains and losses are recognized in the income statement when incurred.

	2019 J$	2018 J$
31 December 2019: exchange rate 1US$	132.57	126.00

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

Foreign currency sensitivity analysis

The sensitivity analysis represents the impact on the profit or loss due to the movement in the US dollar exchange rate relative to the Jamaican dollar, with other variables remaining constant.

Due to the nature of the Group's operations and the very short term nature of balances denominated in currencies other than the Jamaican dollar, in the opinion of management, there should be no material impact on the results of the Group's operations as a result of changes in foreign currency rates as sudden changes are promptly adjusted in the selling prices of the Group's imported products, especially bulk rice and red kidney beans that form a significant percentage of the Group's overall purchases.

A 5% (2018-5%) weakening of the Jamaican dollar, with all other variables remaining constant, in particular interest rates, would result in a loss of approximately $12.4 Million (2018 - $10.3 Million) to the Group if all outstanding foreign liabilities are settled at the depreciated rate of the Jamaican dollar. A 5% appreciation of the Jamaican dollar under similar circumstances would result in a profit of $12.4 Million (2018- $10.3Million).

iii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed and reputable financial institutions. Short-term deposits are invested for periods of three (3) months or less at fixed rates and are not affected by fluctuations in market interest rates up to the date of maturity. Since interest rates on the Group's short-term deposits are fixed up to maturity and interest earned from the Group's interest-earning bank accounts is immaterial, management is of the opinion there would be no material impact on the results of the Group's operations as a result of fluctuations in interest rates.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

iii. Interest rate risk (continued)

The Group incurs interest on its borrowings. These borrowings are at fixed rates and expose the Group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or shareholders' equity. The Group reviews its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing. Management, as a policy, obtains fixed-rate loans when interest rates are expected to rise and floating rate loans when interest rates are expected to fall but generally avoids variable-rate borrowing instruments.

Interest rate sensitivity

The Group's interest rate risk arises from long-term borrowings and available-for-sale debt instruments. The sensitivity of the profit or loss is the effect of the assumed changes in the interest rates on profit before taxation based on floating rate borrowing and available-for-sale debt instruments.

The Group does not have any significant exposure to floating rate borrowings or on investments because the majority of the financial instruments carry fixed rates of interest to maturity.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk that one party, which includes customers, clients and counterparties, to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is an important financial risk for the Group's business, and therefore management meticulously manages the Group's exposure to this risk.

The Group faces credit risk in respect of investment activities and its receivables from customers.

i. Cash, deposits and investments

Credit risk for cash, deposits and investments is managed by investing in mainly liquid securities and maintaining these balances with licensed financial institutions considered to be reputable and stable. Accordingly, management does not expect any counterparty to fail to meet its obligations. The Finance Director, along with the Board of Directors, performs monthly reviews of the investments and securities held as a part of their assessment of the Group's credit risk.

The maximum credit risk faced by the Group is the total of these balances reflected in the financial statements. No provision for impairment is deemed necessary.

ii. Receivables

Credit risk for receivables is mitigated by stringent credit reviews and approval of limits to customers as well as regular credit evaluation of customers. Appropriate credit checks, references and analyses are undertaken in order to assess customers' credit risk profile prior to offering new credit or increasing existing credit limits. Many of the customers who are experiencing cash flow difficulties and are exceeding their credit limits are identified, and the appropriate actions are taken. Key Performance Indicators are reviewed regularly, including cash collected, average debt collection period, percentage of customers with overdue balances and debts deemed uncollectible. Credit limits for all customers inclusive of payment history and risk profile are reviewed annually before the renewal of credit facilities.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

ii. Receivables (continued)

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than 90 days past due are not considered impaired. As of 31 December 2019, trade receivables of $327,835 (2018 - $365,365) were reviewed for impairment and a provision of $32,812 (2018 - $31,181) was considered necessary.

Management continues to critically review this position as they are aware that many of their customers who are retailers and wholesalers are experiencing difficult economic circumstances. The ageing analysis of these trade receivables is as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Past due 31 to 60 days	157,611	179,189	110,498	110,853
Past due 61 to 90 days	67,653	52,462	63,225	35,608
Past due over 90 days	102,571	51,123	92,594	42,177
	327,835	365,365	266,316	188,638

Management does not consider that any additional provision is required for long outstanding balances due to the Group or Company, especially those over 90 days as all doubtful balances were written off during the year.

Exposure to credit risk for trade receivables

The following table summarizes the Group and Company's credit exposure for trade receivables at their carrying amounts, as categorized by customer sector.

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Supermarket chains	174,489	157,066	174,489	157,066
Wholesale and retail distributors	655,532	622,827	600,164	540,236
Government entities	18,069	16,265	18,069	16,265
Manufactures	77,600	92,929	-	-
Other	34,236	25,282	28,086	25,282
	959,926	914,369	820,808	738,849
Overseas	6,926	6,233	6,926	6,233
Total (see note 18)	966,852	920,602	827,734	745,082

Overseas customers mainly relate to customers in the United States and the United Kingdom and represent approximately 0.72% (2018 - 0.84%) of the total balance. The currencies of these countries are considered stable and consistently appreciate against the Jamaican dollar, and no risk of any significant loss is anticipated in this category of overseas customers.

There is no change, from the prior, in the Groups exposure to credit risk or the manner in which it manages and measures the risk.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

iii. Total exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was $2.9 Billion (2018- $1.7 Billion) representing the balances as at 31 December 2019 for cash and short-term deposits, investments and receivables as reported in the statement of financial position of the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's liquidity management process, as carried out within the Group and monitored by the Finance Director and Board of Directors, includes:

i. Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

iii. Maintaining committed lines of credit.

iv. Managing the concentration and profile of debt maturities while optimizing cash returns on investments.

At 31 December 2019, the Company's three (3) largest credit suppliers amounted to approximately 41% (2018 - 20%) of the total annual purchases of the Company for the year ended 31 December 2019. Management continues to try to diversify the base of its credit suppliers on a regional basis as well as within intra-geographical regions within the markets in which the Company's major suppliers operate. In addition, the Company's supply chain has been expanded through forging of a new relationship with a major international commodity broker who helps to reduce the risk of depending on a few major suppliers.

The Group also has access to lines of secured credit to facilitate payments to major suppliers according to agreed credit terms should the Group at any time have insufficient cash resources to settle its obligations as they fall due.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Undiscounted contractual cash flows of financial liabilities

The Group's financial liabilities comprise long-term loans, payables and accruals, based on undiscounted contractual payments which are due as follows:

Maturity Profile of the Group
2019

	Within 1 year 2019 $'000	Within 1 to 5 years 2019 $'000	Over 5 years 2019 $'000
Long-term loans	122,448	1,072,896	1,728,980
Lease liability	70,601	290,452	709,745
Short term loans	536,316	536,316	-
Payables and accruals	976,846	-	-
Total	1,706,211	1,899,644	2,438,725

Maturity Profile of the Group
2018

	Within 1 year 2018 $'000	Within 1 to 5years 2018 $'000	Over 5 years 2018 $'000
Long-term loans	67,105	321,654	543,535
Short term loans	736,416	736,416	-
Payables and accruals	1,149,544	-	-
Total	1,953,065	1,058,070	543,535

Maturity Profile of the Company
2019

	Within 1 year 2018 $'000	Within 1 to 5years 2018 $'000	Over 5 years 2018 $'000
Long-term loans	119,629	1,039,396	1,646,476
Lease liability	66,602	333,010	574,806
Short term loans	535,000	535,000	-
Payables and accruals	902,850	-	-
Total	1,624,081	1,907,406	2,221,282

Maturity Profile of the Company
2018

	Within 1 year 2017 $'000	Within 1 to 5years 2017 $'000	Over 5 years 2017 $'000
Long-term loans	67,105	857,760	-
Short term loans	736,416	736,416	-
Payables and accruals	1,090,545	-	-
Total	1,894,066	857,760	-

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Assets available to cover financial liabilities include cash, short term deposits and available-for-sale investments.

Off-balance sheet items – Commitments

(I) The Company has registered bills of sale over real estate and motor vehicles along with demand debentures to cover asset amounting to $1.6 Billion.
(II) The Group has no significant capital commitments that have been authorized at 31 December 2019.
(III) The Group has long term obligations under long term operating leases for premises. See note 25, borrowings for the future liability of minimum lease payments.

(d) Reputational Risk

The Group is engaged in a business that principally distributes basic food items and flavours to the general consuming population, and its reputation is critical within the market place. The Group's management endeavours at all times to be ethical and adopt international best practices, especially with regard to bulk frozen meats and other bulk commodities such as rice and red kidney beans.

The Group also ensures that the necessary sanitary standards are maintained to guarantee that regular audits by the Bureau of Standards are successfully undertaken. In addition, customer audits are undertaken to facilitate continuous improvement and efficient customer delivery services.

Customer complaints are promptly and properly investigated and appropriately assessed, and transparency is maintained; where necessary customers are promptly compensated if they have suffered a loss. Management considers the Group's reputation secured as they ensure that events that may damage its reputation are immediately investigated. The appropriate action taken to deal with the matter in a manner that satisfies the complainant.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into level 1 to 3 based on the degree to which the fair value is observable. The fair value of a liability reflects its non-performance risk.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the yearend, 31 December 2019. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and frequently occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price.

At 31 December 2019, these instruments are quoted investment securities (Note 20) which are grouped in level 1.

At the reporting date, the Company's financial assets and liabilities were reported at fair values, and there was no necessity to estimate values using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position date.

The Group has no financial assets grouped in levels 3.

The following methods and assumptions have been used in determining fair values:

i. The face value, less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, are estimated to approximate their fair values. These assets and liabilities include cash and bank balances, short term investments, trade receivables and payables.

ii. The carrying values of long term loans approximate their fair values, as these loans are carried at an amortised cost reflecting their contractual obligations and the interest rates reflective of current market rates for similar transactions.

31. CONTINGENT LIABILITIES

In the normal course of business, the Group is subject to various claims, disputes and legal proceedings. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that the Group will make a payment, and the amount can be reasonably estimated.

I. The Group and Company's attorneys that routinely act on behalf of the Group, by letter dated 12 February 2020, reported with regards to the Company's year ended 31 December 2019, as follows:

- They were not aware of any judgment or settlement or any actual pending or threatened litigation or claim, nor of any outstanding, actual, pending or threatened litigation
- They were not aware of any outstanding tax or other claims against the Company whether pending or threatened nor are they aware of any other contingent liability against the Company.
- They were not aware of any guarantees of indebtedness to others made by the Company, not publicly disclosed
- They hold no trust monies on behalf of the Company

II. Management reported that the Company had no outstanding significant capital commitments in respect of projects being undertaken, nor was there any off-balance sheet transactions as at 31 December 2019 (31 December 2018 - $NIL).

III. As at 31 December 2019, as far as the Board of Directors of the Company are aware, there were no significant legal claims threatened against the Company.

IV. As at 31 December 2019, under the 2016 Income Tax (Amended) Act, as a result of the listing of both DTCL and its subsidiary, CFFL, on the Junior Market of the Jamaican Stock Exchange, The Group has potential contingent liabilities of approximately $270 Million in regards to income tax remissions.

32. SUBSEQUENT EVENTS

At 31 December 2019, to the best of management's knowledge and belief, they were not aware of any events that occurred after the statement of financial position date and through to the date of approval of these financial statements that would require adjustment to or disclosure in the aforementioned financial statements. Also, they were not aware of any event or matter, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Company.

Appendix 03:

Unaudited Financial Statements for the 9 Months ended September 30, 2020

Consolidated Statements of Derrimon Trading Company Limited

Report to Stockholders
Nine (9) months ended September 30, 2020

The Board of Directors is pleased to report the unaudited results of the Company for the nine (9) months ended September 30, 2020 and to report on the performance of the Group.

Financial Highlights

Consolidated Group

- **Consolidated Revenue of $9.62B, an increase of $0.88M or 1%**
- **Consolidated Gross Profit of $1.84B, an increase of $181.60M or 10.95%**
- **Consolidated Profit before Tax $315.50M, an increase of $61.22M or 24.08%**
- **Consolidated Earnings Per Stock unit of $0.09 an increase of $0.02**

The Nine (9) months consolidated results for Derrimon Trading Company Limited reflect revenue of $9.62 billion which is $0.88 million (1%) over the $9.53 billion reported for the corresponding nine (9) months period in 2019. Revenue growth was stymied by the impact of the Covid-19 pandemic and was relatively flat when compared to the prior year.

The Group reported gross profit of $1.84 billion which represents an increase of $181.60 million (10.95%) above the $1.66 billion reported for the comparative period last year. The improvements realised for this nine (9) months period was primarily attributed to a combination of factors which includes improvement in the procurement and logistics process as well as a focus on higher yielding products.

Consolidated operating expenses for the nine (9) months period was $1.44 billion representing an increase of $176.20 million (13.92%) over the $1.27 billion increase reported for the same period in 2019. This was influenced by increased rental expenses in relation to the new Distribution Centre, salaries and wages, utilities which were impacted by the depreciation of the Jamaican dollar and other operational costs driven by the new sanitation regime given the requirements of the Covid-19 pandemic.

The realignment of our debt portfolio from short term to long term amortized facilities, the switching from US Dollar loans to Jamaican Dollar facilities and the re-negotiation of interest rates continued to positively impact the finance cost of the Group. This has resulted in a $13.34 million or 8.37% reduction for the financial year to date when compared to the similar period in 2019.

The consolidated profit before tax earned for the nine months was $315.50 million, an increase of $61.22 million (24.08%) over the $254.28 million reported for the similar period in 2019. The Group net profit was $280.66 million, an increase of $59.54 million (26.93%) above the $221.12 million reported for the similar period in 2019.

The consolidated total assets less current liabilities was $3.89 billion compared to the $3.08 billion reported for similar period in 2019, an increase of 26.25%

The Company

Despite the negative impact of the Covid-19 pandemic, the nine (9) months results of the distribution and retail arms of the business recorded revenue of $8.74 billion which was $53.63 million (0.62%) more than the $8.69 billion reported for the corresponding period last year. For the third quarter ended September 2020, revenue generated from core activity was $3.029 billion representing a growth of $72.641 million (2.46%) over the $2.96 billion reported for the similar reporting period in 2019.This growth was influenced and stabilized by the retail arm of the business. The impact from the closure of schools, entertainment sector and commerce in general has negatively impacted the sales of the beverage portfolio. However, we continue to see growth in the bulk goods, cold storage and other dry categories and we are encouraged by this quarter's performance.

Gross profit from these divisions for the nine (9) months period was $1.59 billion which represents a $179.05 million (12.74%) increase above the $1.41 billion reported for the similar period in 2019. Gross profit for the third quarter was $558.61 million which was $73.68 million (15.19%) more than the $484.92 million reported in the similar period in 2019.

The increase in Gross Profit is as result of a combination of strategies employed within the distribution and retail segments of the business from procurement to sales.

Operating Expenses for the nine (9) months period was $1.28 billion representing $163.40 million (14.41%) above the $1.13 billion reported for the comparative period last year. For the third quarter ending September 30, 2020, operating expenses was $457.61 million which was $64.58 million (16.43%) above the expenses incurred for the similar period in 2019. The major factors for this increase were utilities, rental of properties, sanitization and cleaning expenses, distribution costs inclusive of trucking, marketing, advertising, and staff cost.

Finance charges for the nine (9) months period was $144.56 million a reduction of $12.57 million (8%) from the $157.13 million reported at September 30, 2019. For the three (3) months ending September 30 2020, the finance cost was $48.19 million which was $10.82 million (18.31%) below that reported for the similar quarter in 2019.

Pre-tax Profit recorded for the nine (9) months period was $191.67 million representing a $64.99 million (51.31%) increase over the $126.68 million reported for the corresponding period in 2019. For the three (3) months ended September 30, 2020, pre-tax profit was $72.61 million or $35.76 million (97.07%) greater when compared to the $36.86 million reported for the corresponding period.

Net profit for the nine (9) months period was $167.72 million which was $64.99 million (51.31%) higher when compared to the same period last year.

For the third quarter ending September 30, 2020, core operations generated net profit of $63.53 million which is $31.29 million (97.07%) greater than the $32.24 million reported for the similar period for 2019.

Total Assets less Current Liabilities was at $3.62 billion, a growth of $904.26 million (33.36%) when compared to the $2.71 billion reported for the similar period last year.

On the whole, the results for the nine (9) months of 2020 are encouraging for our business despite the global pandemic which has resulted in an economic slowdown which has negatively impacted some aspects of our business. We will continue to execute our strategy and adopt all the safety measures being initiated by our internal team as well as our government whilst monitoring and managing each element of risk despite the many challenges, we remain confident that we have the right talent and leadership to deliver on our plans for the ensuing periods.

We thank our employees for their commitment and dedication. We also thank our shareholders, customers and other stakeholders for their support as we continue to expand our business and bring greater value to all parties.

Derrick Cotterell
Chairman/Chief Executive Officer

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Group Statement of Profit and Loss & Comprehensive Income
Nine Months Ended September 30, 2020

	Notes	Group Unaudited Consolidated Three months ended September 30 2020 $'000	Group Unaudited Consolidated Three months ended September 30 2019 $'000	Group Unaudited Consolidated Nine months ended September 30 2020 $'000	Group Unaudited Consolidated Nine months ended September 30 2019 $'000	Group Audited year ended December 31 2019 $'000
Revenue						
Trading Income	2f	3,315,390	3,243,919	9,018,342	9,530,761	12,649,017
Less cost of sales		2,674,446	2,679,201	7,777,834	7,871,854	10,370,183
Gross Profit		640,944	564,718	1,840,508	1,658,907	2,278,834
Other Income		21,516	8,337	62,974	20,489	37,767
		662,460	573,055	1,903,482	1,679,396	2,316,601
Less operating expenses:						
Administrative		389,371	351,835	1,137,881	983,004	1,279,414
Selling & distribution		116,227	89,702	304,066	282,740	408,265
		505,598	441,537	1,441,947	1,265,744	1,687,679
Operating profits/ (loss) before finance charges		156,862	131,518	461,535	413,652	628,922
Less : finance cost		(54,912)	(63,690)	(146,035)	(159,375)	(283,196)
Profit before taxation		101,950	67,828	315,500	254,277	345,726
Taxation (Estimated)	6	11,251	8,843	34,838	33,155	(43,018)
Net Profit		90,699	58,985	280,662	221,122	302,708
Net Profit Attributable to:		-	-	-	-	
Shareholders of the company		85,105	54,787	258,603	203,548	290,744
Non-controlling interest		5,594	4,198	22,058	17,574	11,964
Total comprehensive income		90,699	58,985	280,662	221,122	302,708
* Earnings per stock unit	2p	0.031	0.020	0.095	0.074	0.106

* Restated due to stock split of 10:1

Derrimon Trading Company Limited
Company Statement of Profit and Loss & Comprehensive Income
Nine Months Ended September 30, 2020

	Notes	Company Unaudited Derrimon Three months ended September 30 2020 $'000	Company Unaudited Derrimon Three months ended September 30 2019 $'000	Company Unaudited Derrimon Nine months ended September 30 2020 $'000	Company Unaudited Derrimon Nine months ended September 30 2019 $'000	Company Audited year ended December 31 2019 $'000
Revenue						
Trading Income	2f	3,029,564	2,956,923	8,741,391	8,687,759	11,637,878
Less cost of sales		2,470,951	2,471,994	7,157,324	7,282,743	9,608,914
Gross Profit		558,613	484,929	1,584,067	1,405,016	2,028,964
Other Income		19,798	3,943	49,287	12,517	26,864
		578,411	488,872	1,633,354	1,417,533	2,055,828
Less operating expenses:						
Administrative		341,461	302,425	995,241	852,291	1,098,451
Selling & distribution		116,153	90,612	301,875	281,428	404,861
		457,614	393,037	1,297,116	1,133,719	1,503,312
Operating profits/ (loss) before finance charges		120,797	95,835	336,238	283,814	552,516
Less : finance cost		(48,188)	(58,990)	(144,564)	(157,134)	(297,576)
Profit before taxation		72,609	36,845	191,674	126,680	254,940
Taxation (Estimated)	6	9,076	4,606	23,959	15,835	27,538
Net Profit		63,533	32,239	167,715	110,845	227,402
Total comprehensive income		63,533	32,239	167,715	110,845	227,402
* Earnings per stock unit	2p	0.023	0.012	0.061	0.041	0.083

Derrimon Trading Company Limited
Statement of Financial Position
Nine Months ended September 30, 2020

	Notes	Company Unaudited Derrimon Nine Months September 30 2020 $'000	Company Unaudited Derrimon Nine Months September 30 2019 $'000	Group Unaudited Consolidated Nine months ended September 30 2020 $'000	Group Unaudited Consolidated Nine months ended September 30 2019 $'000	Company Audited year ended December 31 2019 $'000	Group Audited year ended December 31 2019 $'000
ASSETS							
Non-current assets:							
Fixed Assets	2g	416,353	376,779	517,897	476,451	385,375	483,476
Right of use assets	2k	932,008	-	961,947	-	945,170	1,030,877
Goodwill	2i	33,220	33,220	182,120	163,930	33,220	182,120
Deferred tax asset				-		5	0
Intangibles	2i	-	-	256,523	233,478	-	256,523
Investment in Subsidiary	5	942,541	948,426	-	160,278	942,541	-
Current assets:							
Receivables and prepayments		1,232,055	1,189,939	1,456,388	1,457,102	845,231	1,033,069
Inventories		1,563,213	1,096,573	1,785,685	1,321,938	1,750,852	1,992,174
Investment		31,863	38,619	391,125	213,153	31,530	280,599
Cash & bank		201,156	456,745	254,725	483,463	491,546	509,627
Tax recoverable			-	3,136	-	1,317	6,019
		3,028,287	2,744,865	3,861,079	3,485,656	3,120,309	3,821,488
Current Liabilities:							
Payables		830,047	750,953	911,262	803,413	902,850	975,845
Short term loans		343,802	127,966	343,802	127,966	535,000	536,316
Current portion of long term loan		543,379	508,000	546,198	508,000	119,629	122,448
Current portion of lease Liability		20,292	-	23,673		66,302	70,601
Taxation payable		-	5,742	5,742		-	7,472
		1,737,520	1,392,661	1,830,677	1,439,379	1,623,781	1,713,683
Net current assets		1,290,767	1,352,204	1,970,402	2,046,277	1,496,528	2,107,805
Total assets less current liabilities		3,614,889	2,710,629	3,888,889	3,080,424	3,802,848	4,069,001
Equity							
Issued capital		110,011	110,011	110,011	110,011	110,011	110,011
Non-controlling interest		-	-	177,242	180,171	-	169,387
Retained earnings		1,115,697	858,759	1,161,284	1,023,893	947,982	934,831
Investment revaluation reserve		614	614	614	614	614	614
Capital Reserve		91,638	91,638	91,638	91,638	91,638	91,638
		1,350,993	1,094,655	1,599,932	1,439,358	1,183,278	1,333,512
Non Current Liability:							
Borrowings		1,442,272	1,616,574	1,457,038	1,641,066	1,711,454	1,731,805
Lease liability		821,624	–	837,879		908,116	1,000,272
Deferred tax liability		-	-	-	-	-	4,211
		2,263,896	1,616,574	2,294,967	1,641,066	2,619,570	2,735,489
Total equity and non-current liabilities		3,614,889	2,710,629	3,888,899	3,080,424	3,802,848	4,069,001

Approved for issue by the Board of Directors on November 11, 2020 by:

Derrick Cotterell
Chairman

Ian Kelly
Director

Derrimon Trading Limited
Group Statement of change in Shareholders' Equity
September Months Ended September 30, 2020

Attributable to the Company's Shareholders

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Capital Reserves	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2018	140,044	820,343	614	94,638	162,597	1,218,236
Total comprehensive income	-	203,548	-	-	17,575	221,122
Non-controlling interest					-	-
Balance at September 30, 2019	140,044	1,023,891	614	94,638	180,171	1,439,358

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Capital Reserves	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2019	140,044	934,334	614	94,638	163,382	1,333,512
Total comprehensive income	-	258,603	-	-	22,058	280,662
Non-controlling interest		(12,053)			(8,198)	(20,251)
Balance at September 30, 2020	140,044	1,181,384	614	94,638	177,242	1,593,922

Derrimon Trading Limited
Company Statement of change in Shareholders' Equity
Nine Months Ended September 30, 2020

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Capital Reserves	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2018	140,044	747,914	614	94,638	983,210
Total comprehensive income	-	110,845	-		110,845
Non-controlling interest					-
Dividends		-	-		-
Balance at September 30, 2019	140,044	858,759	614	94,638	1,094,055

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Capital Reserves	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2019	140,044	947,982	614	94,638	1,183,278
Total comprehensive income	-	167,715	-	-	167,715
Non-controlling interest					-
Ordinary dividends		-			-
Balance at September 30, 2020	140,044	1,115,697	614	94,638	1,350,993

Derrimon Trading Limited
Group Statement of Cash flows
Nine Months Ended September 30,2020

	Note	9 Months ended September 30,2020 $'000	9 Months ended September 30, 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before taxation		315,500	254,277
Taxation paid		(37,919)	(21,711)
Changes in non-cash working capital components:-			
Depreciation		26,037	30,699
Depreciation-right of use		77,130	-
Deferred tax		-	(3,080)
Inventory		206,489	(41,151)
Tax recoverable		-	-
Receivables		(423,319)	(270,156)
Taxation payable		-	-
Payables		(65,584)	(346,131)
Net funds provided by/(used in) operating activities		98,334	(397,253)
Cash flows from investment activities:			
Investment		(20,526)	(73,021)
Investments in Subsidiary		-	20,133
Acquisition of property, plant and equipment		(60,458)	(49,499)
Net cash used in investment activities		(80,984)	(102,387)
Financing activities:			
Loans received during the period		216,790	1,202,802
Lease liability		(209,321)	-
Repayment of loans		(279,721)	(608,450)
Deferred tax liability		-	-
Net cash used financing activities		(272,252)	594,352
Net (decrease)/ increase in cash balances		(254,902)	94,712
Net cash balance at beginning of period		509,627	388,751
Net cash balance at end of period		254,725	483,463
Represented by:			
Cash & cash equivalents		254,725	483,463
Bank overdraft		-	-
Net cash and cash equivalents at end of period		254,725	483,463

Derrimon Trading Limited
Company Statement of Cash flows
Nine Months Ended September 30,2020

	Note	9 Months ended September 30,2020 $'000	9 Months ended September 30,2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before taxation		191,674	126,680
Taxation paid		(22,607)	(10,093)
Changes in non-cash working capital components:-			
Depreciation		20,573	30,075
Depreciation-right of use		13,171	-
Deferred tax		-	
Inventory		187,639	14,716
Tax recoverable			
Receivables		(386,821)	(226,959)
Taxation payable		-	-
Payables		(72,803)	(339,592)
Net funds provided by/(used in) operating activities		(69,174)	(405,173)
CASH FLOWS FROM INVESTING ACTIVITY:			
Investments		(533)	(21,227)
Acquisition of property, plant and equipment		(51,551)	(26,655)
Net cash used in investment activities	-	(52,084)	(47,882)
Financing activities:			
Loans received during the period		225,090	1,199,709
Lease liability		(132,502)	-
Repayment of loans		(261,720)	(608,450)
Deferred tax liability			-
Net cash provided by financing activities		(169,132)	591,259
Net (decrease)/ increase in cash balances		(290,390)	138,204
Net cash balance at beginning of period		491,546	298,539
Net cash balance at end of period		201,156	436,743
Represented by:			
Cash & cash equivalents		201,156	436,743
Bank overdraft		-	-
Net cash and cash equivalents at end of period		201,156	436,743

Notes to the Unaudited Financial Statements
Nine (9) Months Ended September 30, 2020

IDENTIFICATION AND PRINCIPAL ACTIVITIES

Derrimon Trading Company Limited ("the Company") is a company limited by shares, incorporated and domiciled in Jamaica. The Company's registered office is located at 233-235 Marcus Garvey Drive, Kingston 11. The Company was incorporated in 1998.

The principal activities of the Company include the wholesale and bulk distribution of household and food items inclusive of meat products, chilled and ambient beverages and the retailing of those and other food items and meat products through the operation of a chain of outlets and supermarkets. The Company's two (2) subsidiaries are involved in manufacturing of flavours and fragrances and wooden pallets. Derrimon Trading Company Limited together with its subsidiaries is referred to as the "Group".

The Company maintained the entity's trading name, Sampars Cash & Carry as well as its operating Outlets: Sampars Outlet Washington Boulevard at 8-10 Brome Close, Kingston 20; Sampars Outlet West Street at 60 ½ West Street, Kingston; Sampars Outlet Mandeville at 26 Hargreaves Avenue Mandeville; Sampars Old Harbour at 3 Ascott Drive, Old Harbour, St. Catherine, Sampars St. Ann's Bay at 3 Harbour Street, St. Ann's Bay, St. Ann, and Sampars Cross Roads, 1-3 Retirement Road, Kingston 5 and Select Grocers at Shop # 15, Upper Manor Park Plaza, Constant Spring Road, Kingston 8.

Effective December 17, 2013, the Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

Basis of preparation

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") using the accounting policies described herein.

Going concern
The preparation of financial statements in accordance with IFRS assumes that the Company and Group will continue in operation for the foreseeable future. This means, in part, that the statements of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail operations. This is commonly referred to as the *going concern* basis. Management has assessed that the Company and Group have the ability to continue as a going concern and has prepared the financial statements on the going concern basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation
The financial statements have been prepared on the historical cost basis, except for the following, which are measured at fair value:

- Financial instruments at fair value through other comprehensive income; and
- Revaluation of certain property, plant and equipment

Revenues and expenses
Revenues and expenses are recorded on the accrual basis, whereby transactions and events are recognized in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent.

Judgments and Estimates

The preparation of the financial statements in accordance with IFRS requires management to make judgments and estimates that affect:

- The application of accounting policies;
- The reported amounts of assets and liabilities;
- Disclosures of contingent assets and liabilities; and
- The reported amounts of revenue and expenses during the reporting periods.

Actual results may differ from estimates made in these consolidated and separate financial statements. The use of estimates is an essential part of the preparation of financial statements and does not undermine their reliability.

Judgments are made in the selection and assessment of the Company's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events, believed to be reasonable under the circumstances. Judgments and estimates are interrelated. Management's judgments and estimates are continually re-evaluated to ensure they remain appropriate. Revision to accounting estimates is recognized in the period in which the estimates are revised and in the future periods affected.

The following are the accounting policies that are subject to judgments and estimates that the Management believes could have the most significant impact on the amounts recognized in the financial statements.

Operating segments information
Judgment – Management uses judgment in determining the similarity of the economic characteristic of the segments for aggregation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Judgment – Financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on a) the company's business model for managing the financial assets and b) the contractual cash flow characteristic of the financial assets. Judgment is required in determining the business model and its objective.

Revenue from contract with customers

Judgment – is required in a) identifying performance obligations and determining the timing of the satisfaction of the performance obligations and b) the transaction price and the amount allocated to the performance obligations.

Estimation – if the consideration promised in a contract includes a variable amount, the company is required to estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to the customer.

Leases

Estimation – The initial measurement of the Lease Liability is based on an estimate of the present value of the lease payments outstanding, discounted using the Company's incremental borrowing rate. Also, the cost of the right-of-use asset comprises an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Consolidation

Judgment – The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the number of returns it receives from the entity. If facts and circumstances indicate that there are changes to one or more of the control elements, the Company reassess whether it still has control.

Joint arrangement

Judgment – Management applies judgment in determining the type of joint arrangement in which it is involved. The classification of the joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement, its structure and legal form, the terms agreed by the parties in the contractual arrangement, and when relevant, other facts and circumstances.

Investment property

Judgment – Management applies judgment in determining whether a property qualifies as an investment property. Criteria are developed to allow management to exercise that judgment consistently.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties and related party transactions

Judgment – Management uses judgment in determining the level of details to be disclosed. Consideration is given to the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction(s).

Receivables

Estimation – Management's estimate of allowance on accounts receivable is based on an analysis of the Aged Receivables and measurement of the Expected Credit Losses. The Company measure expected credit losses by applying an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Income and other taxes

Judgment – Income and other taxes are subject to Government policies. In calculating current and recoverable income and other taxes, Management uses judgment when interpreting the tax rules and in determining the tax position. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business.

Estimation – Income and other taxes are subject to Government policies, and estimates are required in determining the provision. Management recognizes liabilities for possible tax issues based on estimates of whether additional taxes may be due.

Contingencies

In determining the existence of a contingent liability, management assess the existence of:

- A possible obligation that arises from a past event and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or

- A present obligation that arises from a past event but is not recognized because it is not possible that an outflow of economic benefit is required to settle or the amount of the obligation cannot be measured reliably. In estimating possible outflow of economic benefits In relation to a contingent liability, management, sometimes in consultation with experts such as legal counsel may or may not make provision in the financial statements based on judgments regarding possible outcomes according to specific but uncertain circumstances. Contingent liabilities are disclosed in the financial statements unless immaterial or the possibility of an outflow of economic benefits is remote.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Estimation – Inventories are carried at the lower of cost and net realized value. Cost is measured at the weighted average basis, the estimation of net realized value is based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realize. Additionally, estimation is required for inventory provision due to shrinkage, slow-moving and expiration.

Impairment of assets

Judgment – Management uses judgment in determining the grouping of assets to identify the Cash-Generating Units ("CGUs") for testing for impairment of property, plant and equipment ("PPE"), Intangibles and Goodwill. Management has determined that its three (3) strategic business units are its CGUs which comprise Distribution (Household products, detergents and bulk foods), Wholesale (Trading outlets and supermarkets) and Other Operations (Manufacturer of flavours and fragrances; and wood products). In testing for impairment of PPE, these assets are allocated to the CGUs to which they relate.

Judgment has been used, at each reporting date, in determining whether there has been an indication of impairment which would require the completion of impairment testing.

Estimation – Management's estimates of a CGUs' recoverable based on value-in-use involves estimating future cash flows before taxes. Future cash flows are estimated based on a multi-year extrapolation of the last five years historical actual results and a terminal value by discounting the final year in perpetuity. The growth rate applied to the terminal value is based on the Bank of Jamaica's target inflation rate or Management's estimate of the growth rate specific to the individual item being tested. The future cash flow estimates are then discounted to their present value using the appropriate pre-tax discount rate, which includes a risk premium specific to the business. The final determination of a CGUs' recoverable amount is based on fair value less cost to sell and its value-in-use.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in other comprehensive income. This is reversed only if there has been a change in the estimates used to determine the recoverable amount and not to exceed the original carrying amount before its impairment. The reversal is also recognized in other comprehensive income.

Others

Estimation – Other estimates include determining the useful lives of Property, Plant and Equipment for depreciation; in accounting for and measuring payables and accruals and in measuring fair values of financial instruments.

Standards, amendments and interpretations to published standards effective in the current year.

The following new standards, amendments and interpretations have been issued and adopted, and accordingly, have been applied in preparing the financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (IFRS 16)
In January 2016, the IASB issued IFRS 16 – Leases, which replace IAS 17– Leases and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases unless the lease term is 12-months or less or the underlying assets has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating and finance leases being retained.

Annual Improvements 2015-2017
In December 2017, the IASB issued amendments to four standards, including IFRS 3 – Business Combinations, IFRS 11 Joint Arrangements, IAS 12 – Income Taxes and IAS 23 – Borrowing Costs.

The amendment to IFRS 3 clarifies how a company re-measures its previously held interest in a joint operation when it obtains control of a business. The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognized in profit or loss, regardless of how the tax arises. The amendment to IAS 23 clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity generally borrows when calculating the capitalization rate on general borrowings.

Effects of Changes in Accounting Policies

The Company and Group adopted IFRS 16: Leases, effective January 1, 2019. This resulted in material changes to the financial statements as at September 30, 2020.

The change in accounting policy was made in accordance with the transitional provisions of IFRS 16. These provisions required the Company and Group to recognize right-of-use assets and Lease Liability in the statement of financial position and depreciation expense on right-of-use in the statement of profit or loss and other comprehensive income.

In addition, the Company and Group applied the practical expedient of continuing with contracts that were previously identified as leases applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease and not to apply leases to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

IFRS 16: Leases will be applied retrospectively with the cumulative effect of initial application recognized in the opening balance of retained earnings, comparative information will not be restated.

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Company.

The following new standards, amendments, and interpretations have been issued and may impact the financial statements but are not effective for the reporting period ended September 30, 2020 and accordingly, have not been applied in preparing these financial statements. These included:

Amendments to IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2019. These amendments clarify the accounting policy choice available for electing to measure the investments at fair value through profit or loss in accordance Management is currently assessing the likely future impact of this amendment on its financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated, and have been applied consistently throughout the Group.

These consolidated financial statements include the accounts of Derrimon Trading Company Limited (DTCL) and the entities it controls. An entity is controlled when the Company has the ability to direct the relevant activities of the entity, has exposure or rights to variable returns from its involvement with the entity, and is able to use its power over the entity to affect its returns from the entity. Income or loss and each component of other comprehensive income (OCI) are attributed to the shareholders of the Company and the non-controlling interests.

The consolidated financial statements include the financial statements of the Company and its holdings in Select Grocers and its subsidiaries, Caribbean Flavours and Fragrances Limited (CFFL) and Woodcats International Company Limited as follows:

Entity	Principal Activity	% Ownership by Company at 30 September 2020	% Ownership by Company at 30 September 2019
CFFL	Manufacture of Flavours and Fragrances	62.02%	62.02%
Select Grocers	Operation of Supermarket	60.00%	60.00%
Woodcats International Limited	Manufacturers of wooden pallets	100%	100%

DCTL, as at September 30, 2020, owns 62.02% of the shares of CFFL, the same percentage as the prior year.

(b) Joint operation

A joint operation is an arrangement in which two or more parties contractually agree to the sharing of control and decisions about relevant activities require the unanimous consent of the parties sharing control. In a joint operation, the parties that have joint control have rights to the assets and obligations for the liabilities.

The Company records its interest in the joint operation's assets, liabilities, revenues and expenses in the Group accounts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combination

The company applies the acquisition method in accounting for a business combination.
The consideration transferred by the company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and the equity interests issued by the company.
The company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the company's financial statements prior to the acquisition. Assets acquired, and liabilities assumed are generally measured at their acquisition-date fair value.

Any Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognized amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of the identifiable net assets. If the fair values of the identifiable net assets exceed the sum calculated above, the excess amount, i.e., gain on bargain purchase, is recognized in profit or loss immediately.

Transaction costs that the Company incurs in connection with a business combination are expensed immediately.

Non-controlling interests

Equity in the Company not attributable, directly or indirectly, to the Company, is considered non-controlling interest. When the proportion of the equity held by non-controlling interest's changes, the Company adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in the Company. The Company recognizes directly in equity any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, and attribute it to the shareholders of the Company.

(d) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company has identified the following segments:

1. Distribution (Household products, chilled and ambient beverages, detergents and bulk foods);
2. Wholesale (Trading outlets and supermarkets); and
3. Other Operations (Manufacturer of Flavours and Fragrances, pallets and by products of wood)

In 2018, the ambient beverages division was added to the distribution segment as the Company entered into an agreement with SM Jahleel and Company Limited to distribute its beverage products. The pallets and by-products of wood were added to the other operations segment as a result of the 100% acquisition of Woodcats International Limited, resulting in the company becoming a part of the Group.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets

The carrying amounts of property, plant and equipment, right-of-use assets, investment property, and intangible assets with finite useful lives are reviewed at the end of each reporting period to determine whether there are any indicators of impairment. Indicators of impairment may include a significant decline in asset market value, material adverse changes in the external operating environment which affect how the asset is used or is expected to be used, obsolescence, or physical damage of the asset.

If any such indicators exist, then the recoverable amount of the asset is estimated. Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortized but are tested for impairment at least annually or whenever there is an indicator that the asset may be impaired.

(f) Revenue recognition

Revenue is recognized when the company satisfies a performance obligation by transferring the promised goods to the customer in an amount that reflects the consideration the company expects to be entitled to in exchange for those goods.

The promised goods are transferred when or as the customer obtain control.

Revenue is recognized when the customer obtains control of the goods as described below:

i. Sales

The performance obligation, satisfied at a point-in-time, to transfer products to customers. Revenue is recognized when the products are delivered to the customers, and the customers take control of the products, and the company has a present right to payment as evidence by an invoice or the right to invoiced

ii. Interest income

The performance obligation, satisfied over time, the company simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Revenue is recognized when earned.

iii. Dividend income

The performance obligation, satisfied at a point-in-time, the company simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Revenue is recognized when declared, and the right to receive payment is established.

iv. **Other operating income**

Includes gains and losses on disposal of assets, rental income received from investment properties and miscellaneous inflows. The performance obligation, satisfied at a point-in-time, the company simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs. Revenue is recognized when received from customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

Property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items. The land is carried at cost and is not depreciated.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability.

Depreciation is calculated on a straight-line basis at such rates that will write off the carrying value of the assets over the period of their expected useful lives or lease term.

Current annual rates of depreciation are:

Buildings	2.5%
Leasehold improvement	2.5%
Machinery and equipment	10.0%
Furniture, fittings and fixtures	20.0%
Motor vehicles	20.0%
Computer	33.33%
Right-of-use	Straight-line over the period of the lease term

The assets' residual values and useful lives are reviewed periodically for impairment. Where the assets' carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of other comprehensive income. Repairs and maintenance expenditure are included in the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company.

The cost of self-constructed assets includes the cost of materials, direct labour and related cost to put the asset into service. Borrowing costs, including but not limited to, interest on borrowings and exchange differences arising on such borrowings, that are directly attributable to the acquisition and/or construction of a qualifying asset are capitalized as part of the cost of that asset. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its use are complete. Thereafter, borrowing costs are recognized in profit or loss when they are incurred.

Right-of-use assets are initial measurement at the present value of the lease payments outstanding, discounted using the Company's incremental borrowing rate and include an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Leases (right-of-use assets)
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This is reassessed if the terms and conditions of the contract are changed.

Lessee
At January 1, 2019, the Company recognized a right-of-use asset and a lease liability.
Initial measurement of the right-of-use asset is at cost, cost being the present value of the lease payments that are not paid at that date, discounted using the Company's incremental borrowing rate; plus an estimate of costs to be incurred on retiring the asset, i.e., asset retirement obligations required by the terms and conditions of the lease. The cost is remeasured if the terms of the lease changes.

The Company has elected to not to apply the right-of-use asset and lease liability to:

(a) short-term leases, less than 12-months; and
(b) leases for which the underlying asset is of low value, i.e., printers, laptop computers, small furniture and selected properties.
These will be charged as lease expense in the statement of profit or loss

(I) Intangible assets

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of identifiable assets acquired and liabilities assumed.

Goodwill is tested annually for impairment. Goodwill is impaired, when the cash-generating unit (CGU) to which the goodwill is allocated, carrying value is higher than the recoverable value of the unit. Impairment of goodwill is not reversed.

Other intangibles – brand name, formula, customer and supplier relationships and technological expertise.

Other intangible represents the identified asset embedded in excess of the cost of an acquisition over the fair value of the Company's share of identifiable assets acquired and liabilities assumed.

Other intangible is tested annually for impairment. Other intangible is impaired when the cash-generating unit (CGU) to which the other intangible applies, carrying value is higher than the recoverable value of the unit. Impairment of other intangible is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized, and only to the extent of the original impairment loss

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and development expenditure

Expenditures on research activities are expensed as incurred.

Expenditure on development activities is recognized as an asset if, and only if, the Company can demonstrate all of the following; otherwise, it is expensed as incurred:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) its intention to complete the intangible asset and use or sell it.

(c) its ability to use or sell the intangible asset.

(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) its ability to reliably measure the expenditure attributable to the intangible asset during its development.

(j) Financial instruments

A financial instrument is any contract that gives rise to a receipt or payment in cash or its equivalents, and a financial asset of one party and a financial liability or equity instrument of another party. Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Subsequent measurement of these assets and liabilities is based on fair value or amortized cost using the effective interest method.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as Fair Value Through Profit or Loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net income.

Classification and Subsequent Measurement

Financial assets

The Company classifies financial assets according to its business model for managing the financial assets and the contractual terms of the cash flows. All the financial assets are classified in the measurement category amortized cost because the financial assets are held within a business model with the objective to hold financial assets to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are measured at amortized cost using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit risk and expected credit loss

The Company is only expose to credit risk on its trade receivables, and as such does not provide for any lifetime expected credit loss (LECL). It applies the practical experience of not adjusting the promised consideration receivable because the period is less than 12-months.

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Receivables	Amortized cost	Amortized cost
Investments	Amortized cost	Amortized cost
Investments in equity	Amortized cost	Fair value
Cash and cash equivalents	Amortized cost	Amortized cost
Related party receivables	Amortized cost	Amortized cost
Bank overdraft	Amortized cost	Amortized cost
Payables	Amortized cost	Amortized cost
Short-term loan	Amortized cost	Amortized cost
Long-term borrowing	Amortized cost	Amortized cost

(k) Inventories

Inventories are carried at the lower of cost and net realizable value. The cost of inventories is determined based on the weighted average cost and includes costs incurred in bringing the inventories to their present location and condition. Inventories comprised finished goods, work-in-progress, and raw and packaging materials.

Net realizable value is the estimated selling price of inventory during the normal course of business less estimated selling expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for expected credit loss (ECL) of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of this ECL allowance, and the amount of the loss is recognized in Bad Debt expense in the statement of profit or loss. When trade receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized as recovery and credited to bad debt expense in the statement of profit or loss.

(m) Taxation

Income tax

The income tax expense for the year comprises current and deferred tax. Income tax expense is recognized in net income, except to the extent that it relates to items recognized either in other comprehensive income or directly in equity.

Current taxation

Current tax charge is the expected tax payable on the taxable income for the year, using tax rates in effect at the reporting date plus any over or under provision of tax in respect of previous years.

Deferred taxation

Deferred tax liabilities are recognized for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognized for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilized.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply in the period in which the asset will be realized or the liability will be settled based on enacted rates.

At December 31, 2018, deferred tax was accounted for because DTCL 100% tax free remission status expired December 16, 2018. DTCL will be subject to 50% income tax on its taxable profits from December 17, 2018 to December 16, 2023.

The other subsidiaries of the Group that are subject to income tax is as follows:

(i) CFFL, is also listed on the Junior Market of the JSE and effective October 3,018, its 100% tax free status expired, and it is now subject to income tax at 50% on its taxable profits for the next five (5) years to October 2, 2023; and

(ii) The other subsidiary, Woodcats International, is not listed on the Junior Market of the JSE and is subject to payment of full income tax.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Borrowing; borrowing cost and interest

Borrowing (loans) is classified as current when the Company expects to settle the liability in its normal operating cycle, it holds the liability primarily for the purpose of trading, the liability is due to be settled within 12 months after the date of the statement of financial position, or it does not have an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position. Otherwise, it is classified as long-term. Subsequent to initial recognition, borrowings are measured at amortized cost using the effective interest method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

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 ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(o) Share capital, dividends and distributions

Shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are deducted, net of tax from proceeds.

Dividends
Dividends declared, and payable to the Company's shareholders are recognized as a liability in the consolidated statement of financial position in the period in which the dividends are approved by the Company's Board of Directors.

Distributions
Distributions to non-controlling interest are recognized as a liability in the consolidated statement of financial position in the period in which the distributions are declared.

(p) Earnings per share

Basic earnings per share ("EPS") are calculated by dividing the net income attributable to the shareholders by the weighted average number of ordinary shares outstanding during the reporting period. The Calculation of earnings per ordinary share is based on the Group and Company net profit attributable to shareholders divided by the weighted average number of ordinary shares of 2,733,360,670 (2019 – 2,733,360,670).

3. SEGMENTAL FINANCIAL INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions.

The Group operates three (3) segments. Two (2) segments are exposed to similar risks as they both sell household and grocery products and the third segment, which is new due to the consolidation of the subsidiary, manufactures flavours and fragrances. The principal divisions are:

(i) Distribution- distribution of Nestle household products, Sun Power Detergents and bulk food products and chilled and ambient beverages.

On September 3, 2018, the beverage division was added during the year as the Company was appointed as the exclusive distributor of SM Jaleel and Company Limited, a Trinidadian entity, to distribute its range of soft drinks and juices in the Jamaican marketplace.

(ii) Wholesale and retail - operation of seven (7) outlets, six trading under the name Sampars Cash and Carry and Sampars Outlets and the other under the name Select Grocers.

The distribution hub, along with four (4) outlets is located in Kingston and Saint Andrew, and the other three (3) locations are in rural Jamaica.

(iii) Other operations – manufacturer of flavours and fragrances and wooden pallets.

On September 6, 2018, the Company acquired 100% shareholding in Woodcats International Limited (WIL), a manufacture of wooden pallets and by products of wood such as mulch. The directors classified the operations of this entity under the 'other operations' segment.

SEGMENTAL FINANCIAL INFORMATION (CONTINUED)

Segmental Financial Information

	The Group 2020			
	Distribution $'000	Sampars Outlets $'000	Other Operations $'000	Total $'000
Revenue from external customers	5,275,097	3,466,293	876,952	9,618,342
Depreciation	10,563	9,990	5,464	26,037
Current Liabilities	1,317,962	419,538	93,157	1,830,677
Current Assets	2,192,179	836,108	772,792	3,801,079

	The Company 2020		
	Distribution $'000	Sampars Outlets & Select Grocers $'000	Total $'000
Revenue from external customers	5,275,097	3,466,293	8,741,390
Depreciation	10,563	9,990	20,573
Current Liabilities	1,317,962	419,538	1,737,520
Current Assets	2,192,179	836,108	3,028,287

4. JOINT OPERATIONS

Since March 2017, the Company has a 60% interest in Select Grocers, an unincorporated business. Select Grocers is operated as an "upscaled" supermarket positioned to capture the affluent middle classes. There was no change in the strategic direction, management or operation of this entity during the year.

5. INVESTMENT IN SUBSIDIARIES

As at September 30, 2020 the Company has holdings of 62.02% and 100% of the issued shares of Caribbean Flavours and Fragrances Limited (CFFL) and Woodcats International Limited (WIL) respectively.

6. INCOME TAX

Derrimon Trading Company Limited (DTCL) is listed on the Junior Market of the Jamaica Stock Exchange, effective December 17, 2013, and under the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice 2010, 100% of income taxes will be remitted by the Minister of Finance during the first five (5) years of listing, which expired December 17, 2018. DTCL is now required to account for income tax at 50% during the second five (5) years, from December 17, 2018, to December 16, 2023.

To obtain the remission of income taxes, the following conditions should be adhered to over the period:
(a) DTCL remains listed for at least 15 years and is not suspended from the JSE for any breaches of the rules of the JSE;
(b) The Subscribed Participating Voting Share Capital of DTCL does not exceed $500 million; and
(c) DTCL has at least 50 Participating Voting Shareholders.

The financial statements have been prepared on the basis that DTCL will have the full benefit of the tax remissions. The period is as follows:

Years 1 to 5 (December 17, 2013- December 16, 2018) – 100%
Years 6 to 10 (December 17, 2018- December 16, 2023) - 50%

DTCL's subsidiary, CFFL also benefits from tax remission effective October 2, 2013, the Company's shares were listed on the Junior Market of the JSE. Effective October 3, 2018, the 100% remission status expired and CFFL is now subject to Income Tax at 50% for the year ended December 31, 2018. The Company is entitled to a remission of income taxes for (10) ten years in the following proportion:

Period October 3, 2013 – October 2, 2018 - 100% of standard rate.
Period October 3, 2018 – October 2, 2023 – 50% of standard rate.

7. LEASE LIABILITY

Right-of-use Assets, blended principal and interest payments (rent payments) are made monthly in the amount of $14,157,887 interest is charged at 7.25%, maturing in 2039.

Principal amounts payable:

Current portion	$52,951
Long-term	$982,622
	$1,035,573

Principal repayments for each of the next five years:

2020	$ 70,601,400
2021	$ 75,893,561
2022	$ 81,582,413
2023	$ 66,487,807
2024-2039	$776,232,324

DERRIMON TRADING

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT

SEPTEMBER 30, 2020

Top (10) Stockholders	Number of Shares Held
Derrick Cotterell	1,113,797,633
Mayberry Jamaican Equities Limited	439,859,497
Monique Cotterell	400,000,000
Ian C. Kelly	157,373,169
Estate of E. Cotterell (Deceased)	100,000,000
Winston Thomas	72,351,180
JCSD Trustee Services A/C Barita Unit Trust Capital Growth Fund	59,850,923
Sharon Harvey-Wilson	29,163,580
Sagicor Pooled Equity Fund	27,756,920
Sagicor Select Fund – (‘Class C’ Shares) Manufacturing & Distribution	22,600,000

DERRIMON TRADING

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT SEPTEMBER 30, 2020 (continued)

Directors	Number of Shares Held
Derrick Cotterell	1,113,797,633
Monique Cotterell	400,000,000
Ian C. Kelly	157,373,169
Winston Thomas	72,351,180
Earl Anthony Richards	5,325,000
Alexander I. E. Williams	500,000
Paul Buchanan	300,000

Senior Officers	Number of Shares Held
Sheldon Simpson	2,539,728
Craig Robinson	145,000

Appendix 04:

List of Locations for Lead Broker and Selling Agents

BARITA INVESTMENTS LIMITED – ARRANGER AND LEAD BROKER

Branch	Location
Barita Investments Limited – Head Office	15 St. Lucia Way Kingston 5
Barita Investments Limited - Manchester	Shop 2A, Manchester Shopping Centre 17 Caledonia Road, Mandeville, Manchester
Barita Investments Limited – Montego Bay	Suite S304, Baywest Shopping Centre Harbour Street Montego Bay, St. James

JN FUND MANAGERS LIMITED – SELLING AGENT

Branch	Location
JN Fund Managers – New Kingston	2 Belmont Road Kingston 5
JN Fund Managers - Montego Bay	Lot 2-5 Megamart Complex Montego Bay, St. James
JN Fund Managers - Manchester	Mandeville Plaza Mandeville, Manchester

JAMAICA MONEY MARKET BROKERS LIMITED (JMMB) – SELLING AGENT

Branch	Location
JMMB – Haughton	5 Haughton Avenue Kingston 10
JMMB – New Kingston	11 Knutsford Boulevard Kingston 5
JMMB – Junction Agency	Shop 2, Roye's Plaza Main Street, Junction St. Elizabeth
JMMB - Mandeville	23 Ward Avenue Mandeville, Manchester
JMMB – Montego Bay	Suite 1, Fairview Office Park Alice Eldermire Drive, Montego Bay, St. James
JMMB – May Pen	Shop 28B, Bargain Village Plaza 35 Main Street, Clarendon
JMMB– Ocho Rios	Guardian Life Building 2 Graham Street Ocho Rios, St. Ann
JMMB - Portmore	47-48 West Trade Way Portmore Town Centre Portmore, St. Catherine
JMMB – Santa Cruz	Shop No. 2, Oasis Plaza Coke Drive, Santa Cruz St. Elizabeth

APPENDIX 04: LIST OF LOCATIONS FOR LEAD BROKER AND SELLING AGENTS

SAGICOR INVESTMENTS JAMAICA LIMITED – SELLING AGENT

Branch	Location
Sagicor Investments – Hope Road (Head Office)	85 Hope Road Kingston 6
Sagicor Investments – Dominica Drive	17 Dominica Drive Kingston 5
Sagicor Investments – Montego Bay	Shop B8, 21B Fairview Shopping Centre, Bogues Estates, Montego Bay, St. James
Sagicor Investments – Montego Bay	Shop #1, Sagicor Commercial Centre Howard Cooke Boulevard, Montego Bay, St. James
Sagicor Investments – Duke and Tower Street	17a Duke Street, Kingston
Sagicor Investments – Half Way Tree	6C Constant Spring Road Kingston 8
Sagicor Investments - Liguanea	106 Hope Road Kingston 6
Sagicor Investments – Tropical Plaza	Shop #25, 12 ½ & 14 Constant Spring Road Kingston 8
Sagicor Investments – Ocho Rios	Units 5&6, Eight Rivers Town Centre, Buckfield, Ocho Rios, St. Ann

Sagicor Investments – Savanna -La-Mar	Great George St. Savanna-La-Mar, Westmoreland
Sagicor Investments - Mandeville	5-7 Ward Avenue Mandeville, Manchester
Sagicor Investments – May Pen	6B Manchester Avenue May Pen, Clarendon
Sagicor Investments – Black River	Corner High and School Streets Black River, St. Elizabeth
Sagicor Investments - Portmore	Shop #34, Portmore Pines Plaza Portmore, St. Catherine

PROVEN WEALTH LIMITED – SELLING AGENT

Branch	Location
Kingston – Head Office	7 Haining Road Kingston 5, St. Andrew
Mandeville	Unit 5B Cobblestone Professional Centre, 1A Brumalia Road, Mandeville, Manchester
Montego Bay	Unit 11 Suite B, Fairview II Shopping Centre Montego Bay, St. James

APPENDIX 04: LIST OF LOCATIONS FOR LEAD BROKER AND SELLING AGENTS

SCOTIA INVESTMENTS JAMAICA LIMITED – SELLING AGENT

Branch	Location
Scotia Investments – Head Office	7 Holborn Road Kingston 10
Scotiabank - Spanish Town	Shop 26, Oasis Shopping Centre 6 March Pen Road Spanish Town, St. Catherine
Constant Spring Financial Centre	132-132A Constant Spring Road Kingston 8
Scotiabank – Half-Way Tree	82-84 Half-Way-Tree Road, Kingston 10
Scotiabank - Mandeville	1a Caledonia Road, Mandeville, Manchester
Scotiabank - Ocho Rios	Main Street, Ocho Rios, St. Ann
Scotiabank – Savanna -La-Mar	19 Great Georges Street Savanna-La-Mar, Westmoreland
Scotiabank - Liguanea	125-127 Old Hope Road, Kingston 6
Scotiabank – New Kingston	2 Knutsford Boulevard, New Kingston Kingston 5

APPENDIX 04: LIST OF LOCATIONS FOR LEAD BROKER AND SELLING AGENTS

Fairview Financial Centre	1 Port Avenue Bogue, Montego Bay St. James
Scotiabank - Cross Roads	86 Slipe Road Cross Roads, Kingston 5
Scotiabank - Portmore	Lot 2, Cookson Pen Bushy Park, Greater Portmore St. Catherine
Scotiabank - Portmore	Corner Duke & Port Royal Streets Kingston

Appendix 05:

Auditor’s Consent

APPENDIX 05: AUDITOR'S CONSENT

McKENLEY & ASSOCIATES
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

December 1, 2020

The Board of Directors
Derrimon Trading Company Limited
235 Marcus Garvey Drive
Kingston 11

Dear Ladies and Gentlemen:

Consent Letter for Inclusion of Auditor's Report in Prospectus for an invitation of 1,498,698,931 Ordinary Shares in Derrimon Trading Company Limited with the option to up-size for an additional 301,301,069 Ordinary Shares

Reference is made to the above-mentioned Prospectus which has been signed for and on behalf Derrimon Trading Company Limited (the "Company") by the Directors of the Company.

In accordance with Section 42 of the Companies Act 2004 (Expert's consent to issue of prospectus containing statement by him), Mckenley & Associates, Chartered Accountants, hereby consents to the issue of the Prospectus with the inclusion therein of:

(a) The Company's audited financial statements for the financial year ended December 31, 2019 and our Independent Auditor's Report thereon dated February 22, 2020;

(b) a summary of the Company's five (5) year financial performance which utilize extracts from the Company's audited financial statements for the financial years ended December 31, 2015 to December 31, 2019.

We confirm that we have not withdrawn our consent before delivery of a copy of the Prospectus to the Companies Office of Jamaica or the Financial Services Commission for registration.

This consent letter should not be regarded as in any way an update or qualification to the aforementioned financial reports or that we performed any procedures or services subsequent to the date of such reports.

Yours sincerely,

McKenley & Associates

McKenley & Associates
Chartered Accountants

DERRIMON
TRADING CO. LTD