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 March 14, 2018. 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 March 19, 2018. 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.

PROSPECTUS

by
DERRIMON TRADING COMPANY LIMITED

For subscription of up to

125,000,000* Fixed and Floating± Cumulative Redeemable Preference Shares due 2021
at a fixed price of J$2.00 per Preference Share payable in full on application

*The Company reserves the right to make available a further 50,000,000 2021 Preference Shares (the "Overallotment Option") on the same terms and conditions prior to the Closing Date in the event of excess demand.

± Each 2021 Preference Share will carry a right to a cumulative preferential dividend at the following rates:
(a) 9.0% per annum during "Year 1" and "Year 2"; and

(b) 90 days WATBY + 2.50% per annum during "Year 3".

DERRIMON TRADING COMAPNY LIMITED

Registered Office:
235 Marcus Garvey Drive, Kingston 11, Jamaica
Telephone: (876) 937-4897
Facsimile: (876) 937-0754

An Application Form for use by the general public in respect of the Preference 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 March 26, 2018 and will close at 4:30 p.m. on April 9, 2018 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 Preference 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).

SHARE CAPITAL

	Number of Shares
Authorised	
Ordinary Shares	275,400,000
Preference Shares	525,000,000
Issued	
Ordinary Shares	273,336,067
11.75% Cumulative Redeemable Preference Shares due 2018 (hereinafter “2018 Preference Shares”)	125,000,000
Available for Subscription in this Invitation	
*Fixed and Floating Cumulative Redeemable Preference Shares due 2021 (hereinafter “2021 Preference Shares”)	125,000,000

*The Company reserves the right to make available a further 50,000,000 in 2021 Preference Shares (the “Overallotment Option”) on the same terms and conditions prior to the Closing Date.

Maximum Consideration	Value
Maximum Consideration if fully subscribed:	J$ 250,000,000
*Maximum Consideration if fully subscribed and Overallotment Option fully exercised:	J$ 350,000,000

It is the intention of the Company to apply to the Board of the Jamaica Stock Exchange to list the Preference Shares on the Junior Market of the Jamaica Stock Exchange (“JSE”). This statement of the Company’s intention is not a guarantee that the Preference Shares will in fact be listed on the Junior Market of the JSE. If the application to list is successful it is anticipated such listing will take place within 21 days of the closing of the Subscription List and, the Preference Shares subscribed for will be allotted and converted to stock units and dealings will commence immediately after such listing. If the Shares are not admitted to listing, the Company will not proceed with the allotment of Preference Shares and will refund, without interest, all monies received from subscribers in pursuance of this Prospectus within ten (10) days of the Closing of the Subscription List (or the extended Closing, as the case may be) and in any event within forty (40) days after the issue of the Prospectus. Please note that the J$163.10 JCSD processing fee (inclusive of GCT) will not be refunded to an Applicant in the event that the Company refunds payments received for Preference Shares.

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1. IMPORTANT NOTICE & DISCLAIMER

Invitation is made to Jamaican Residents in Jamaica

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 2021 Preference Shares. The distribution or publication of this Prospectus and the offering of 2021 Preference 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.

The 2021 Preference 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 2021 Preference 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 2021 Preference Shares or the offering of the 2021 Preference Shares is not permitted by applicable law.

Responsibility for Content of this Prospectus

The Directors of **Derrimon Trading Company Limited**, whose names appear in Section 16 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.

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.

Content of this Prospectus

This Prospectus contains important information for prospective investors in the 2021 Preference Shares. All prospective investors should read the Prospectus carefully in its entirety before submitting an Application Form.

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

This Prospectus contains summaries of certain documents which the Board of Directors of the Company believes 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 15. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

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.

Neither the FSC, 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.

Application to Subscribe for 2021 Preference Shares

This Prospectus is not a recommendation by the Company that prospective investors should submit Application Forms to subscribe for 2021 Preference Shares. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for and owning 2021 Preference Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for and owning 2021 Preference Shares, including but not limited to any tax implications.

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

(i) he/she has been afforded a meaningful opportunity to review the Prospectus (including in particular the terms and conditions in Sub-Section 6.5), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;

(ii) he/she has not relied on the Company or any other person in connection with his/her investigation of the accuracy of such information or his/her 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 Application Form.

2. SUMMARY OF INVITATION

Issuer:	Derrimon Trading Company Limited
Securities:	Fixed and Floating Rate Cumulative Redeemable Preference Shares due 2021 ("2021 Preference Shares").
Subscription Price:	J$2.00 per share payable in full on application.
Preference Share Dividends:	Each 2021 Preference Share will carry a right to a cumulative preferential dividend at the following rates: (a) 9.0% per annum during "Year 1" and "Year 2"; and (b) 90 days WATBY + 2.50% per annum during "Year 3", See Terms of Issue in Appendix 2 for definition of "Year 1"; "Year 2" and "Year 3".
Payment Dates:	The relevant Preferential Dividend will be due and payable quarterly in arrears on the final Business Day of March, June, September, and December in each year, save and except that the first Payment Date shall be June 29, 2018 and the final Payment Date shall be March 31, 2021 (the "Maturity Date").
Issue Date:	The date on which the 2021 Preference Shares are issued to successful applicants which will be no later than the date of listing.
Maturity Date:	The 2021 Preference Shares are redeemable on March 31, 2021

Key Terms of 2021 Preference Shares:

Cumulative Preference Share Dividend

Each 2021 Preference Share will carry the right to receive Preference Share Dividends at the rates described above. Additionally, the entitlement to the Preference Share Dividends is cumulative.

Financial Covenants

The Company has covenanted for the benefit of the 2021 Preference Shareholders that, so long as any 2021 Preference Share remains in issue, the Company shall maintain its financial position such that:

1. The minimum EBITDA to Interest Expense ratio is 1.5 times;
2. The minimum Net Operating Income to Total Debt Service ratio is 1.2 times; and
3. The maximum Total Debt/Total Equity ratio is 2.0 times.

See the Terms of Issue in Appendix 2 for more details of the Financial Covenants and the defined terms used in them.

Redemption

Optional redemption: The Company reserves the right to redeem the Preference Shares at any time prior to the Maturity Date at the Invitation Price.

Mandatory redemption: On the Maturity Date at the Invitation Price.

The holders of 2021 Preference Shares that are redeemed shall have a right to the aggregate amount of any dividends accrued at the Agreed Rate up to the date of redemption and any cumulate dividends that are in arrears.

Rights to Capital, Voting

On a winding up each Preference Shareholder will have a right to repayment of capital ranking *pari passu* with the holders of other Preference Shares in priority to the Ordinary Shareholders.

On the other hand, the rights of the 2021 Preference Shareholders will rank behind those of any statutory, unsecured and secured creditors of the Company in the event of a winding - up.

The Preference Shares will not carry the right to vote save in narrowly prescribed circumstances including the following:

- when the Preference Share Dividend has not been paid for more than six months
- on a winding up of the Company
- on a proposed variation of the rights of the holders of the Preference Shares

The Company also reserves the right to issue additional cumulative redeemable, or redeemable, or other preference shares in the capital of the Company, ranking *pari passu* or otherwise.

Conversion to Preference Stock Units

As it is intended that the preference shares shall be converted to preference stock units shortly after or upon issuance, references

	to "2021 Preference Shares" shall be construed to mean on issue of the same, "2021 Preference Shares" and if converted to stock units to be construed to mean and apply to stock units mutatis mutandis. The above is a summary of the terms of the 2021 Preference Shares. Please read the Terms of Issue in Appendix 2 for the actual terms.
Application Form:	See Appendix 1 of this Prospectus.
Terms and Conditions of the Invitation for Subscription:	See Sub-Section 6.5 of this Prospectus.
Payment Method:	Either: (1) a manager's cheque made payable to "Mayberry Investments Limited"; or (2) an authorization letter from the Applicant, instructing Mayberry to make payment from cleared funds held in an investment account in the Applicant's name at Mayberry; or (3) transfer in the Real Time Gross Settlement (RTGS) system to Mayberry in the case of payments of J$ 1 million or more.
Timetable of Key Dates:	Registration of Prospectus: March 19, 2018 Publication of Prospectus: March 19, 2018 Opening Date: 9:00 A.M. on March 26, 2018 Closing Date*: 4:30 P.M. on April 9, 2018; subject to early closing once fully subscribed
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 Applicants/Refunds:	Available for collection where originally submitted within 10 (ten) 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 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 April 9, 2018, 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 March 26, 2018 once the issue is fully sold and subscribed; and/or (ii) extend the Closing Date, subject to the provision 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 2021 Preference Shares to trading on the Junior Market of the JSE. The application for admission is dependent on the Company's ability to (i) raise at least J$150,000,000 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 trading on the JSE.

If 2021 Preference Shares valued at J$ 150,000,000 being the minimum amount set out in Sub-Section 6.2 has been raised, and the Company does not make a successful application to list, the Company may still elect for 2021 the Preference Shares to be allotted. In that event the 2021 Preference Shares will not have the benefit of market liquidity and it may be difficult to effect any transfers in the secondary market. Additionally any successful transfers will be subject to transfer tax and stamp duty at the combined rate of 6%.

3. LETTER TO PROSPECTIVE INVESTORS

March 14, 2018

Dear Prospective Investor,

The Board of Directors is pleased to invite you to subscribe and purchase 125,000,000 in 2021 Preference Shares in the capital of the Company on the terms and conditions set out in this Prospectus. The Board reserves the right to make an additional 50,000,000 in 2021 Preference Shares available for subscription on the terms and conditions set out in this Prospectus in cases of excess demand (the "Overallotment Option").

The Company

The Company was founded in 1998 as a distributor of bulk commodities in the Kingston area. In 2002 the Company was appointed a regional co-distributor of Nestlé Jamaica Limited, for the corporate areas of Kingston and Saint Andrew, as well as Saint Catherine and Saint Thomas.

In 2009, the Company acquired the business of Sampars Cash 'N' Carry, one of the largest wholesale businesses in Kingston. That acquisition was part of the Company's strategy to grow and diversify its business by entering the retail space as well as cutting costs through vertical integration. The Company presently operates seven (7) retail stores under the Sampars Cash 'N' Carry brand and its flagship supermarket under the Select Brand via a joint venture arrangement.

In December 2013, the Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange (the "Junior Market") under the ticker: DTL. As at February 13, 2018, the Company's market capitalization was approximately J$ 1.96 billion.

In August 2014, as part of its growth strategy, the Company acquired a 49.02% stake in Caribbean Flavours and Fragrances Limited ("CFF") another company listed on the Junior Market (ticker: CFF). In 2017 the Company acquired majority ownership of CFF. The Company presently owns 65.02% of CFF.

Use of Proceeds

The Company intends to use the majority of the proceeds to repay the 2018 Preference Shares, which mature in March 2018. Any remaining proceeds will be used for general corporate purposes.

The Company also intends to use part of the proceeds to pay the expenses of this Invitation which, the Company estimates will not exceed J$ 10 million (inclusive of brokerage fees, legal fees, registrar fees, listing fees and General Consumption Tax).

How to subscribe for 2021 Preference Shares

Those investors who are interested in subscribing for 2021 Preference Shares should read the Prospectus in its entirety and the full terms and conditions of the Invitation set out in Sub-Section 6.2, and then complete the Application Form set out in at Appendix 1.

Yours sincerely,

For and on behalf of the Company

/s/ Derrick Cotterell
Chairman and Chief Executive Officer

4. DEFINITIONS

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

"**2018 Preference Shares**"	125,000,000 fixed and floating rate cumulate redeemable preference shares due 2018 in the capital of the Company;
"**2021 Preference Shares**"	fixed and floating rate cumulate redeemable preference shares due 2021 in the capital of the Company;
"**Act**"	the Companies Act, 2004;
"**Articles**"	the Articles of Association of the Company;
"**Application Form**" or "**Subscription Form**"	the subscription form for 2021 Preference Shares in this Invitation and the term "**Application**" shall be construed as a subscription for Shares;
"**Auditors**"	Mckenley & Associates;
"**Auditors' Report**"	the report of Mckenley & Associates set out in Section 12;
"**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;
"**Closing Date**"	the date on which the Subscription List in respect of this Invitation closes, being 4:30 p.m. on April 9, 2018, 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;
"**Directors**" or "**Board**"	the Board of Directors of the Company including a duly authorized committee thereof;
"**Dollars**" or "**J$**"	Jamaican dollars;
"**FSC**"	the Financial Services Commission;
"**Government**"	the Government of Jamaica;
"**Invitation**"	this invitation to the public to subscribe for 2021 Preference Shares in the capital of the Company on the terms and conditions set out in this Prospectus;

"**Invitation Price**"	J$2.00 per 2021 Preference Share;
"**JSE**" or "**the Exchange**"	the Jamaica Stock Exchange;
"**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;
"**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 March 26, 2018;
"**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*;
"**Overallotment Option**"	the right of the Company to make available for subscription an additional 50,000,000 in 2021 Preference Shares at the Invitation Price in the event of excess demand;
"**Subscription Price**"	J$2.00 per Share;
"**Subscriber**"	subscribers in this Invitation.

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.

5. FORWARD-LOOKING STATEMENTS

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.

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 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 Company operates;
- changes in political, social and economic conditions impacting market conditions in general and on the Company 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 Company;
- any other factor negatively impacting on the realisation of the assumptions on which the Company's financial projections are based;
- other factors identified in this Prospectus.

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in the Prospectus

6. THE INVITATION

6.1 General Information

The Company is seeking to raise J$250,000,000 from subscriptions of 125,000,000 in 2021 Preference Shares from the general public in this Invitation for Subscription at the Invitation Price of J$2.00 per 2021 Preference Share. The Company reserves the right to make an available additional 50,000,000 in 2021 Preference Shares available for subscription at the Invitation Price of J$2.00 pursuant to an Overallotment Option.

Assuming that at least J$150,000,000 in 2021 Preference Shares is subscribed for and taken up by the general public (the "Minimum Subscription"), the Company will make available an application to the JSE for the 2021 Preference Shares to be admitted to the Jamaica Stock Exchange. If the application is successful, it is anticipated that the Shares will be admitted to trading within twenty-one (21) days of the Closing Date (or the extended Closing Date, as the case may be).

In the event that the Company does not raise the Minimum Subscription of J$ 150,000,000 all Applications will be returned to Applicants along with payments (excluding the JCSD processing fee of J$163.10) made in relation thereto (without interest).

Prospective investors should read all of the sections of this document carefully. Those prospective investors who wish to subscribe for 2021 Preference Shares should complete the Application Form set out in Appendix 1.

6.2 Minimum Fundraising

For the purposes of section 48 of the Act the minimum amount which, in the opinion of the Directors, must be raised and received by the Company as a result of this Invitation for 2021 Preference Shares in order to provide for the matters set out in paragraph two of the Third Schedule to the Act is J$ 150,000,000 (the "Minimum Subscription").

6.3 Use of Proceeds

If the Company is successful in raising the Minimum Subscription in this Invitation, it intends to use those proceeds to repay the 2018 Preference Shares, which mature in March 2018. Any remaining proceeds will be used for general corporate purposes.

The Company also intends to use part of the proceeds to pay the expenses of this Invitation which, the Company estimates will not exceed J$ 10 million (inclusive of brokerage fees, legal fees, registrar fees, listing fees and General Consumption Tax).

6.4 Timing

An Application Form for use by Applicants is provided at Appendix 1 at the end of this Prospectus, together with notes on how to complete it. The Subscription Lists for the Shares will open at 9:00 a.m. on the Opening Date -being March 26, 2018 - and will close at 4:30 p.m. on the Closing Date -being April 9, 2018- 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, - once the issue is fully subscribed and/or (ii) extend the Closing Date subject to section 48 of the Companies Act, 2004. In either case, the Company will arrange for an informational notice to 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 2021 Preference Shares to the Junior Market of the JSE. The application is dependent on the Company's ability to: (i) raise the Minimum Subscription in this Invitation and (ii) meet the criteria for admission. If such application is made and it is successful the Company expects the 2021 Preference Shares to be admitted to trading on the JSE within twenty-one (21) days of the Closing Date (or the extended Closing Date, as the case may be) and for trading to commence on that date.

If the Minimum Subscription amount set out in Sub-Section 6.2 is raised, and the Company does not make a successful application to list, the Company may still elect for the 2021 Preference Shares to be allotted. In that event the 2021 Preference Shares will not have the benefit of market liquidity and it may be difficult to effect any transfers in the secondary market. Additionally any successful transfers will be subject to transfer tax and stamp duty at the combined rate of 6%.

6.5 Terms and Conditions of Invitation for Subscription

1. Applicants must submit their completed Application Form provided at Appendix 1 to this Prospectus.

2. 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, including in Appendix 1.

3. Each Applicant acknowledges and agrees that:

   (a) he/she 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 to be necessary to verify the accuracy of the information contained in this Prospectus;

   (b) he/she 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 investment decision; and

   (c) 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 Application Form.

4. Application Forms from the general public must request a minimum of 2,000 2021 Preference Shares and in excess of number must be in multiples of 1,000. Application Forms from the general public in other denominations will not be processed or accepted.

5. Application Forms must be delivered to:

   Mayberry Investments Limited
   1 ½ Oxford Road
   Kingston 5

together with payment for the specified number of 2021 Preference Shares together with the JCSD processing fee of J$163.10 (inclusive of GCT).

6. Payment may be made either by:

(1) a manager's cheque made payable to "Mayberry Investments Limited" ;or

(2) an authorization letter from the Applicant, instructing Mayberry to make payment from cleared funds held in an investment account in the Applicant's name at Mayberry; or

(3) transfer in the Real Time Gross Settlement (RTGS) system to Mayberry in the case of payments of J$ 1 million or more.

7. **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 serve basis**.

8. For the purposes of paragraph 7 above the Directors of the Company, in their sole discretion, may:

(a) 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

(b) allot Shares to Applicants on a *pro rata* or other basis if the Invitation is oversubscribed prior to the closing of the Subscription Lists.

9. 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 2021 Preference Shares by the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her 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 2021 Preference Shares at the Subscription Price, subject to these terms and conditions.

10. Successful Applicants will be allotted 2021 Preference Shares for credit to their account in the Jamaica Central Securities Depository specified in their Application Forms. 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. Applicants who wish to receive share certificates must make a specific request.

11. The Company will endeavour to 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) or as soon as practicable thereafter. If an Applicant so indicates on his Application Form, the refund cheque will be sent to Mayberry Investments Limited for collection by the Applicant (or the first-named joint Applicant) stated in the Application Form. Please note that the J$163.10 JCSD processing fee (inclusive of GCT) will not be refunded to an Applicant in the event that the Company refunds payments received for Preference Shares.

12. Applicants must be at least 18 years old.

7. INFORMATION ABOUT THE COMPANY

7.1 Overview of Business Division

The Company operates broadly in two (2) divisions: (i) Distribution and (ii) Retail and Wholesale.

(i) Distribution

Distribution of Nestlé products in Jamaica

The Company began to distribute Nestlé products in Jamaica on a non–exclusive basis in 2002. The Directors note that there are 4 such distributors in Jamaica, inclusive of the Company. Nestlé Jamaica Limited permits the Company to co-distribute Nestlé products in the parishes of Kingston, Saint Andrew, Saint Catherine and Saint Thomas as well as to utilize its retail operations for direct sales to small shops, restaurants, caterers amongst others.

Importation and Wholesale Distribution of Rice, Margarine and Detergents

The Company also established a specialized division for the importation and distribution of rice in October 2006, 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.

The Company continues to be the exclusive distributor of the Sun range of detergents and Golden Brand margarine, manufactured by CIC and VSH Industries out of Suriname respectively.

Distribution of cold food items

In 2007 the Company launched its cold store division offering meats and seafoods, frozen French fries, frozen vegetables and similar food items. The Company purchased a proprietary cold storage facility to support this line of its business, in 2011 and continues to operate profitable despite the unregulated nature of this line of business.

Distribution of S.M. Jaleel products in Jamaica

In March 2015 the Company became the exclusive distributor of Trinidad and Tobago manufactured S.M. Jaleel products in certain parishes in Jamaica, through S.M. Jaleel’s local agent, Jamaica Beverages Limited. S.M. Jaleel is one of the largest manufacturers of non-alcoholic drinks in the English speaking Caribbean. The Company continues to distribute its cold beverages products (juice and dairy) throughout Jamaica in the parishes of Kingston, Saint Andrew, Saint Catherine, Saint Thomas, Saint Ann, Saint Mary, Clarendon and Manchester.

(ii) Retail Division

Sampars Cash 'N' Carry

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 prior owners, and established it as a separate trading division of the Company. The Company's Sampars Cash 'N' Carry, Outlets and Supermarket have expanded to include 7 (seven) outlets in: Kingston, St. Andrew, St. Catherine, Manchester and St. Ann.

7.2 Incorporation

The Company was incorporated as private company with a share capital on December 21, 1998. The Company has no parent company. The Company has one subsidiary being Caribbean Flavours and Fragrances Limited in which it hold 65.02% of the issued share capital.

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.

7.3 Details of Authorised and Issued Share Capital and the Shares in the Invitation

(a) Capital Structure

As at the date of this Prospectus and prior to the launch of the Invitation, the authorised and issued Share capital of the Company was as follows:

	Ordinary Shares	**Preference Shares**
Authorised	275,400,000	525,000,000
Issued	273,336,067	125,000,000

(b) Recent Capital Re-organisation

At an extraordinary general meeting of the Company held on March 6, 2018 the Ordinary Shareholders of the Company increased the authorised preference shares by 400,000,000 to 525,000,000 and authorised the Board to set the terms and conditions of the additional 400,000,000 preference shares.

At a meeting of the Board held on January 31, 2018 the Directors approved the Terms of Issue of the 2021 Preference Shares, the subject of this Invitation and the making of the Invitation subject to the Prospectus.

7.4 Charges Registered against Assets of the Company

Date Registered	Type of Charge	Chargor	Asset Charged/ Amount Secured
28/02/2017	Debenture	JCSD Trustee Services Limited	J$ 450,000,000.00
09/09/2016	Charge over Shares	Proven Investments Limited	Stock units in the capital of Caribbean Flavours and Fragrances Limited and all dividends, rights, bonuses and other benefits flowing therefrom.
13/12/2017	Bill of Sale	Bank of Nova Scotia Jamaica Limited	2017 BMW X5
18/09/2015	Bill of Sale	First Global Bank Limited	2016 Audi
06/06/2016	Bill of Sale	First Global Bank Limited	2017 Isuzu Truck
19/08/2016	Bill of Sale	National Commercial Bank Jamaica Limited	2014 Mazda BT 50
05/11/2016	Bill of Sale	National Commercial Bank Jamaica Limited	2012 Nissan Hiace Panel Van
05/11/2016	Bill of Sale	National Commercial Bank Jamaica Limited	2012 Nissan Hiace Panel Van
19/08/2016	Bill of Sale	National Commercial Bank Jamaica Limited	2012 Nissan Urvan Van
01/09/2017	Mortgage	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.

7.5 Applicable Regulatory Regime

The business of the Company is not currently regulated. However the Company's Ordinary Shares and the 2018 Preference Shares of the Company are each listed on the JSE. The Ordinary Shares of the Company are listed on the Junior Market, and 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.

7.6 Intellectual and Real Property

As at February 26, 2018 being the latest practicable date prior to the publication of this Prospectus, the Company has the following interests in intellectual and real property:

(a) Intellectual Property

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

(i) Trademark Number 63678 - Derrimon Trading Co. Ltd Words and Logo - classes 16,18,25,35,39 (valid until 11/11/2019):

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

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

(b) Real Property

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

Type of property	Nature of Interest	Other details
Real property located at 235 Marcus Garvey Drive and comprising Derrimon Warehouse 1 (32,017 sq. ft.) and Derrimon Warehouse 2 (22,800 sq.ft).	Leasehold.	Let to the Company for a 10 – year term commencing November 2010 for an aggregate monthly rental of $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.
Real property located at 231 – 233 Marcus Garvey Drive and comprising the Sampars Cash 'N' Carry retail outlet and comprising Warehouse no. 4	Leasehold.	Let to the Company for a 10 – year term commencing November 2010 for an aggregate monthly rental of $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.
Real property located at 8-10 Broome Close, Ziadie Gardens, Kingston 20	Owned	Purchased by the Company in December 2011, for $60 million excluding taxes and transaction costs.
Real property located at 60-62 West Street, Downtown Kingston	Leasehold	Let to the Company for a 10 – year term commencing May 2012 for a current monthly rental of $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.

Real property located at Hargreaves Complex, Mandeville	Leasehold	Let to the Company for 7 years from 1 June 2013 for a current monthly rental of $132,246 inclusive of GCT. 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 term of the lease is capable of extension by 36 months, and 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.
Real property located at 3 Ascot Drive, Old Harbour, Saint Catherine	Leasehold	Lease agreement dated as of October 2014, $813,000 inclusive of GCT.
Real property located at 3 Harbour Street, St. Ann's Bay	Leasehold	Lease Agreement with June Chin rental for the rental of Building and Parking Lot for ten (10) years with the options to renew for US$6,000 plus GCT payable monthly and monthly Parking lot fee of US$1,040 plus GCT effective dated March 1, 2015.
Real property located at 1-3 Retirement Road, Kingston 5	Leasehold	Agreement with One Retirement Limited for the rental of 15,000 sq. ft. for ten (10) years with the options 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 dated January 15, 2017.
Real property located at Shop # 13 Upper Manor Park Plaza, Manor Park, Kingston 8	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. annual increase based on US CPI plus 2%. Effective March 10, 2017.

7.7 Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons (“Counterparties”):

Date	Counterparty	Amount	Additional Details
February 13, 2017	JCSD Trustee Services Limited	J$450,000,000.00	Private Placement Notes secured by debenture
January 1, 2018	Nestle Jamaica Limited	J$1,000,000.00	Guarantee
March 15, 2017	VDWSD Limited	N/A	Agreement for the operation of Select Grocers Supermarket at Shop # 13, Upper Manor Park Plaza.

7.8 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.

7.9 Dividend Policy

Ordinary Shares

At the date of this prospectus the Board does not anticipate paying a dividend on the Ordinary Shares at this time.

Preference Shares

The Terms of Issue of the Preference Shares entitle their holders to the Preference Share Dividend, being a fixed rate dividend of 9.0% per annum in Year 1 and Year 2, and a floating rate dividend of 90 days WATBY + 2.50% in the Year 3.

7.10 Insurance Arrangements

The Company ensures that its fixed and variable assets inclusive of inventory are fully insured through its current insurance policy which expires on December 7, 2018 with General Accident. In addition, the Company has current insurance policies for its Directors as well as Keyman Insurance.

8. DIRECTORS AND SENIOR MANAGERS AND THEIR INTERESTS

8.1 Board of Directors of the Company

Brief biographical details of the Directors of the Company are set out below. The Directors' residential addresses are set out in Section 13 hereto.

Derrick Cotterell, Chief Executive Officer

Derrick Cotterell is Derrimon's founder and Chief Executive Officer.

Derrick has over 30 years' experience in sales, marketing and general management gained during his previous career at Grace Kennedy and Company Limited where he held several managerial positions such as Area Manager, Divisional Manager, and Business Unit Manager.

Derrick is a graduate of the University of the West Indies (Bachelor of Science degree (B.Sc.) in Management Studies) and Florida International University (Master of Business Administration degree (M.B.A.)). He also serves as a director of the Governor General of Jamaica's "I Believe Initiative" which seeks to improve the lives of young Jamaicans, and as a Deacon of the Fellowship Tabernacle Church in Kingston where he is an active member of the Church community.

Ian Kelly, Chief Financial Officer

Ian has served as a member of the Board since 2009, initially as a non–executive director. Ian subsequently joined the management team of the Company in September 2011 as an Executive Director and the Chief Financial Officer.

Ian is a seasoned financial and risk manager with senior level experience in the areas of treasury, corresponding banking, corporate finance, securities trading and asset management. He has held positions at Royal Bank of Canada (formerly RBTT Jamaica and now named Sagicor Bank Jamaica Limited) in the capacity of Assistant General Manager for Treasury and Corresponding Banking and later as the General Manager of RBTT Securities Jamaica Limited, a subsidiary which he was commissioned to establish. Prior to joining the Company, Ian was Senior Vice President in charge of Asset Management & Advisory Services at First Global Financial Services.

Ian is a Certified Public Accountant (U.S.A.) and a Chartered Accountant (Jamaica) by profession. He holds both a Bachelors and a Master of Science degree in Accounting from The University of the West Indies. Ian also completed the Executive Development Program at the Wharton Business School of the University of Pennsylvania.

Winston Thomas, Independent Non-Executive Director

Winston joined the Board of the Company in 2009. He has worked for over 27 years in the field of distribution. He spent approximately 19 years at Grace Kennedy and Company Limited, leaving finally as Regional Sales Manager. Winston also worked at Lascelles de Mercado Limited, where he helped to secure the distribution of at least two household brands for that company. Prior to joining the Company Winston was also the Divisional Sales Manager for Pepsi Jamaica Limited. He is a graduate of the University of the West Indies, and the holder of a Bachelor of Science Degree (B.Sc.) in Management Studies from that institution.

Monique Cotterell, Executive Director

Mrs. Cotterell is the managing Director of Cotterell's Texaco Service Station located at 27 Half Way Tree Road, Kingston 5. Monique has prior experience in the service and retail industry gained at Grace Kennedy and Company Limited, and Sealand Services Limited. Monique holds a Bachelor of Science degree in Business Administration from the University College of the Caribbean (UCC). Monique is also a Director of the Rescue Package Foundation, and a Director of the Music Ministry of the Fellowship Tabernacle Church in Kingston, where she is an active member of the Church community.

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

President of the Airport Authority of Jamaica and Chief Executive Officer of the Norman Manley International Airport (NMIA) Limited, Earl brings a wealth of experience to the board.

Earl is committed to public service: he is currently the Chairman of the Board of Management of Shortwood Teachers' College and the Shortwood Foundation. He also serves as a board member at Jamaica Youth for Christ, Ports Security Corps Limited, and Airports Council International-Latin America & Caribbean region. In 2002, he received the Order of Distinction – Commander Class (CD), in recognition of his contributions to Public Service.

Earl graduated from the University of Toronto with a degree in Civil Engineering. Earl also received a Masters of Business Administration degree (M.B.A.) from the Mona School of Business at the University of the West Indies.

Alexander I.E. Williams, Independent Non-Executive Director

Alexander has served as a member of the Board since 2009. An Attorney-at-Law for over 22 years, Alexander specializes in civil litigation, constitutional law claims, commercial litigation, judicial review of administrative action and industrial relations and labour law. He is currently a Senator of the Upper House of the Jamaican Parliament, and Senior Partner at Usim, Williams & Company. He is a member of the Jamaican Bar Association, as well as being the former Chairman of the Jamaica Anti-Doping Commission and a former member of the boards of the Water Resource Authority, and the National Family Planning Board.

Tania Waldron–Gooden, Independent Non-Executive Director and Mentor to the Board

Tania Waldron-Gooden is the Senior Vice President, Corporate Finance, Research & Special Projects at Mayberry Investments Limited. As the Mentor of the Company, she is responsible for providing the Board with support in establishing proper procedures, systems and controls for its compliance with the Junior Market Rule requirements for financial reporting, good corporate governance, and the making of timely announcements.

Tania joined Mayberry as a Management Trainee in 2006. She rotated through the Research, Asset Management, Equity Trading, Corporate Financing, Risk & Compliance and Information Technology departments. Before joining Mayberry, Tania worked in Pension Fund and Client Portfolio Management. She holds a Bachelor of Science degree (BSc.) (Hons.) in Geology from the University of the West Indies. Tania also holds a Master of Business Administration degree (M.B.A.) from the University of Sunderland in the U.K. Tania has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute.

Paul Buchanan Jr, Non-Executive Director

Paul is a seasoned Investment Professional who brings years of experience in the areas of portfolio management, client acquisition, sales and marketing. He currently is the Managing Director of Manwei International Limited and previously served as Senior Vice President Sales and Marketing at Mayberry Investments limited between 2013 – 2016.

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

8.2 Corporate Governance

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

Audit Committee	Remuneration Committee
Earl Anthony Richards, C.D. (Independent Chairman)	Alexander I.E. Williams (Independent Chairman)
Tania Waldron-Gooden (Independent Director)	Earl Anthony Richards, C.D. (Independent Director)
Ian Kelly (Executive Director)	Winston Thomas (Independent Director)

8.3 Shareholdings of Directors

As at February 26, 2018 the following directors have the following interest in shares in the Company:

Name of Director	Number of Shares	Approximate Percentage of Issued Share Capital
1. Mr. Derrick Cotterell Connected Party: Mrs. Monique Cotterell Combined:	110,000,000 40,000,000 150,000,000	40.24% 14.63% 54.87%
2. Mr. Ian Kelly Connected Party: Ms. Claudia Smith Combined:	15,743,459 1,000,000 16,743,459	5.76% 0.37% 6.13%
3. Mr. Winston Thomas	13,297,118	4.87%
4. Mr. Earl Anthony Richards and Mrs. Elaine Richards	500,000	0.18%
6. Mrs. Monique Cotterell Connected Party: Mr. Derrick Cotterell Combined	40,000,000 110,000,000 150,000,000	14.63% 40.24% 54.87%
7. Mr. Alexander I.E. Williams	100,000	0.04%
8. Mrs. Tania Waldron-Gooden	0	0%
9. Mr. Paul Buchanan Jr. Connected Party: Manwei International Limited Combined	0 47,016,943 47,016,943	0% 17.20% 17.20%

8.4 Mentor

The Company continues to abide by the rules of the Junior Market of the Jamaica Stock Exchange. As such, we continue to utilize the Mentor who was approved by the Jamaica Stock Exchange since our listing in December 2013 in that capacity.

8.5 Directors’ Fees and Executive Emoluments

The Executive Emoluments for the Executive Directors for the period ending December 31, 2017 was J$ 28.153 million whilst the fees payable to non-executive directors and mentors did not exceed J$ 2.5 million.

9. MANAGEMENT DISCUSSION AND ANALYSIS

9.1 History of the Company and its Operations

The Company was incorporated in 1998. Its first business line consisted of importation of granulated sugar for onward supply to local manufacturers of bulk syrup. By 2002, the Company was appointed as one of 4 co-distributors of Nestlé products in Jamaica, by Nestlé Jamaica Limited ("Nestlé Jamaica"). The Company distributes all of the familiar Nestlé brands such as Betty, Milo, Supligen, Nescafé, Maggi, Nestum, Trix, Lucky Charms, Cookie Crisp, and Cheerios, with the exception of the Gerber line of baby and infant foods. Under the arrangements with Nestlé Jamaica, the Company distributes Nestlé products in the parishes of Kingston, Saint Andrew, Saint Catherine and Saint Thomas and more recently, in the parishes of Saint Mary and parts of Saint Ann. The Company acts as a non–exclusive distributor in those parishes, alongside Nestlé Jamaica. The Directors note that the Nestlé distribution business has grown from 250 cases per month to market in 2002, to average approximately 16,000 cases per month at the end of 2013.

In 2006, the Directors of the Company took steps to diversify its offerings. This resulted in the establishment of a bulk rice importation and distribution business. Two years later, the Company also expanded by establishing a cold products division to distribute meat and seafood, frozen French fries, frozen vegetables, as well as other frozen items. In 2009, the Company acquired the business of Sampars Cash 'N' Carry (formerly Grace Cash and Carry), which had been in continuous operation for over 30 years. The Directors consider that the acquisition was made strategically, in order to expand the Company's reach in down markets within the wholesale/retail food trade. The acquisition also enabled the Company to further increase the range of products it supplies to the market.

In 2013, the Company launched an exclusive product range under the "*Delect*" brand name. The first "*Delect*" branded products introduced to the local market included long grain polished white rice, vegetable oil, tomato ketchup, canned mackerel, sea salt, corned beef and cornmeal. The products are positioned as quality items with competitive price points, and various consumer sizes to choose from. The Directors note that to date, feedback on the products has been largely positive. The Directors intend to launch more "*Delect*" branded products in the short to medium term, and the Directors are hopeful that over time, the "*Delect*" line will enhance the public profile of the Company and assist it to further diversify its revenue (the Company earned 68.35% of its overall revenue from distribution activities and 31.65% from the retail business in the financial year ended 31 December 2013).

In 2017 the Company acquired a majority stake in Caribbean Flavours and Fragrances Limited further diversifying its revenue streams.

The Company has grown at a rapid pace over the years. Today the Company's principal premises at 231 – 233 and 235 Marcus Garvey Drive include leased warehouse facilities of approximately 100,000 square feet inclusive of some 14,000 square feet of cold storage on 3.5 acres of land and also, the main Sampars Cash 'N' Carry store. The Company's footprint has now grown to include four (4) satellite outlets at Washington Boulevard, West Street (Downtown Kingston), Mandeville and the acquisition in 2014 of Sampars Old Harbour. The Company manages the logistics of distribution of its various products. The Company distributes to over 1,200 customers across the island using a fleet of over sixty-five (65) contracted trucks. As a result, the Company's reach has increased over the years to include several market channels such as supermarkets, wholesalers and retailers.

9.2 **Audited Financial Information** (2013 – 2017)

The Company has demonstrated a significant top line growth between 2013 and 2017 with only 2016 showing a small year on year percentage decline of 1.68%. Gross sales increased by 20.6% (excluding results of subsidiary) in the 5-year period under review, as illustrated by the table below. The year on year percentage growth in the annual sales of the Company is outlined in the table below:

Income Statement	2013FY $'000	2014FY $'000	2015FY $'000	2016FY $'000	2017FY $'000	**2017FY $'000
Total Revenue	**5,294,893**	**5,657,921**	**6,302,219**	**6,196,402**	**6,385,088**	**6,980,938**
Revenue Growth y-o-y	***10.38%***	***6.86%***	***11.39%***	***-1.68%***	***3.05%***	***N/A***
Annual Inflation	***9.50%***	***6.40%***	***3.70%***	***1.70%***	***5.20%***	***N/A***
Less cost of sales	(4,694,562)	(4,983,192)	(5,460,667)	(5,242,449)	(5,162,896)	(5,388,010)
Gross profit	560,961	626,406	833,331	934,479	1,183,630	1,335,800
Total Operating Expenses	**499,520**	**585,644**	**702,286**	**739,412**	**1,055,128**	**1,141,231**
Operating profit before finance costs	100,812	89,086	139,265	214,540	167,064	451,697
Finance costs	**(29,319)**	**(45,595)**	**(87,084)**	**(136,621)**	**(169,098)**	**(169,901)**
Gain on acquisition of associate company	-	-	-	-	**206,349**	-
Profit before taxation	71,493	51,607	88,130	116,107	204,315	281,796
Taxation	(21,565)	-	-	-	-	-
Net profit	**49,927**	**51,607**	**88,130**	**116,107**	**204,315**	**281,796**
Earnings per Share	**0.18**	**0.19**	**0.32**	**0.42**	**0.75**	**0.92**
****2017FY reflects Group Statement of Comprehensive Income**						
All else reflect Company Statement of Comprehensive Income						

The Directors consider that the growth in the Company's sales during the last 5 financial years has resulted from the strategies employed by the Company to increase its market share. These strategies included the following:

- growing existing markets for the Company's products.
- increasing its distribution footprint across Jamaica with the addition of further Sampars branded outlets.

- Joint Venture partnership in key market growth areas.
- focusing on customer-centric processes at all levels of the distribution chain.
- development of additional revenue streams via the acquisition of allied retail businesses.
- diversification of the product range and the introduction of new product offerings.
- culling and re-positioning of the distribution portfolio.

The Company's strategies have resulted in gross profit increasing steadily during the 5 year period under review. The Directors are focused on further improvements in the Company's gross profit and to date improvement has arisen as a result of the Directors' management of margins and procurement cycles and the adoption of a disciplined approach to sales execution.

9.3 Recent Group-wide Financial Results

The Group (and where otherwise specified the Company) reported the following results for the financial year ended December 31, 2017:

- **Consolidated Net Profit of J$281.8 million**
- **Derrimon Trading Company Limited Net Profit of J$204.32 million**
- **Consolidated Gross Profit of J$1.34 billion**
- **Derrimon Trading Company Limited Gross Profit of J$1.18 billion**
- **Consolidated Revenue of J$ 6.72 billion**
- **Derrimon Trading Company Limited Revenue of J$6.39 billion**
- **Consolidated Earnings Per Stock unit of $0.92**

Consolidated Results for Year Ended December 31, 2017

The Group reported consolidated trading income of J$6.72 billion for the year ended December 31, 2017. Cost of sales totaled J$5.39 billion resulting in a gross profit of J$1.34 billion for the 2017 financial year. Other Income for the year end totaled J$257.13 million.

The Group's operating expenses totaled J$1.14 billion and administrative expenses totaled J$1.01 billion, while selling and distribution expenses closed at J$135.67 million. The cost of financing the Group's debt obligation for the financial year closed at J$169.90 million.

Group wide profit before taxation grew to J$281.80 million for the year ended December 31, 2017. No taxes were reported for the period as such Group wide Net Profit amounted to J$281.80 million. Net profit attributable to shareholders amounted to J$252.37 million. The Group's earnings per share (EPS) closed the year at J$0.92.

Additionally, as at December 31, 2017, the Group's assets totaled J$2.89 billion with Inventories at J$795.55 million, while receivables amounted to J$887.21 million. Cash and cash equivalents totaled J$265.52 million. The Group's Liabilities amounted to J$925.42 million, with borrowings totaling J$754.32 million. Shareholder Equity totaled J$864.07 million, which translates to a book value of $3.16 per share.

10. RISK FACTORS

10.1 In addition to other information set forth in this prospectus, investors should consider carefully the risks described below before subscribing for 2021 Preference 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.

10.2 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.

Operational Risks

10.3 In the execution of its business functions the Company is exposed to risk of loss resulting from inadequate or failed internal processes, people and 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; and

(e) fraud or other criminal activity.

Volatility in Price of 2021 Preference Shares or Flat Trading

10.4 Following their proposed admission to trading on the JSE the 2021 Preference 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 Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control. In either case the market price of the 2021 Preference Shares may be negatively affected or Preference holders that wish to sell before maturity may not be able to do so or may only be able to do so at a discount.

Financial Distress

10.5 The Company's ability to make payments on (or to refinance) indebtedness including the Preferential Dividend will depend upon its ability to generate cash from operations in the future. The Company'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 business 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 Company 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, liquidate or otherwise reorganise or restructure its indebtedness.

10.6 The 2021 Preference Shares include financial covenants that will directly limit the Company's ability to incur further indebtedness.

Early Redemption or Prepayment

10.7 The Company may at any time prior to the Maturity Date voluntarily prepay or redeem all or some of the 2021 Preference Shares at the Invitation Price, without penalty or premium. As a result, particularly in a declining interest rate environment, there is a risk that if the 2021 Preference Shares are redeemed or prepaid a holder may not be able to reinvest the principal in a comparable security with an effective interest rate as high as the interest rate on the 2021 Preference Shares.

10.8 Due to the short maturity period of the 2021 Preference Shares, the impact of early redemption or prepayment is lower than with long-term financial instruments.

Interest Rate Risk

10.9 The Preferential Dividend on the 2021 Preference Shares is fixed for the first and second year. During the first and second year, holders of the 2021 Preference Shares are exposed to the risk of a change in interest rates available on similar or alternative investment opportunities in Jamaica. In the third year the Preferential Dividend is floating which mitigates the interest rate risk in the final year.

10.10 Due to the short maturity period of the 2021 Preference Shares, the impact of interest rate risk is lower than with long-term financial instruments.

Macro-economic Policies

10.11 The Government 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 Company.

Concentration risk – key suppliers and key customers

10.12 The Company's products are supplied by relatively few key suppliers inclusive of Nestlé Jamaica Limited, and its revenues are generated from sales to 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

10.13 It is very important that the Company attract and retain appropriately skilled personnel, including Chief Executive Officer, Derrick Cotterell, to accommodate 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 Company. The Company 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.

Currency Risk

10.14 The Company 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 Company purchases and imports bulk rice and other commodities which it pays for in US dollars which represents a significant percentage of the Company's overall purchase figure. So changes in US dollar to Jamaican dollar exchange rates can unpredictably and adversely affect the Company's operating results.

10.15 Although the Company does not directly hedge against the risks associated with fluctuations in exchange rates it manages currency risk on imported rice and other commodities by entering into short and medium term arrangements with millers and producers.

10.16 The Company also attempts to keep its net exposure in foreign assets and liabilities to an acceptable level by closely monitoring currency exposure.

Market share and competition

10.17 The businesses in which the Company operate are competitive. If the Company is not able to successfully create, procure and/or retain product lines or customer demand (as the case may be), it would impact negatively on the Company's operations and performance.

Product liability risk

10.18 The Company distributes products manufactured by other suppliers, but it may be sued by customers or other persons who suffer harm as a user of the products. The Company carries insurance 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 Company would increase and the profits of the Company may decrease.

Money laundering, fraud and similar unauthorized activity

10.19 The operations of the Company are susceptible to the risk of money laundering, and employee fraud and unauthorised trading activity. The Company has established internal controls and administrative systems to deter and identify such risks.

Risks of hurricane, fire and other Acts of God

10.20 Catastrophic events affecting Jamaica such as hurricanes and earthquakes could impact generally on economic activity in Jamaica including the Company's operations and performance.

Revocation of tax concessions risk

10.21 The Company is eligible for a 10 year concessionary tax regime described in section 7.3 of this Prospectus, in return for which the Ordinary Shares must remain listed on the JSE trading platforms for a period of 15 years (other conditions apply). The instrument governing the concessionary tax regime is the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remittance) Notice dated 13 August 2009, which was made by the Minister of Finance under section 86 of the Income Tax Act. The instrument provides that if the Company is de-listed at any time during the 15 - year period, it will become retrospectively liable to pay corporate income tax at the rate that would otherwise have been applicable to it during the concessionary period.

10.22 There is also a risk that the instrument governing the concessionary tax regime is withdrawn, or the criteria for eligibility of the concessionary tax regime amended. 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 in the absence of any breach by those companies of the Junior Market Rules leading to suspension or de-listing from the Junior Market.

11. PROFESSIONAL ADVISERS FOR INVITATION

Lead Broker
Mayberry Investments Limited
1 ½ Oxford Road
Kingston 5

Auditor and Reporting Accountants
Mckenley & Associates
Chartered Accountants
2 Seymour Avenue, Unit 11
Seymour Park,
Kingston 6

Legal Advisers
Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

Registrar and Transfer Agents
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

12. AUDITORS' CONSENT AND AUDITED 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

The Directors
Derrimon Trading Company Limited
235 Marcus Garvey Drive
Kingston 11

Dear Sirs:

Consent to the Issue of Prospectus – Derrimon Trading Company Limited

With respect to the Prospectus issued by Derrimon Trading Company Limited (the "Company") for the subscription and sale of up to 175,000,000 Cumulative Redeemable Preference Shares in a public offering, we hereby consent to the inclusion in the Prospectus of our Independent Auditor's Report, dated 28 February, 2018 for the year ended December 31, 2017.

We further consent to the issue of the Prospectus with the inclusion therein of extracts from, and references to our said Independent Auditor's Report and the separate financial statements of the Company as at and for each of the years ended 31 December, 2013 through to 31 December, 2017 in the form and context in which they appear in the Prospectus.

Our consent is required by the provisions of the Financial Services Commission (FSC) and the Office of the Registrar of the Companies Office of Jamaica and is given for the purpose of complying with these provisions and for no other purpose.

We confirm that we have not withdrawn our consent before delivery of a copy of the Prospectus for registration with the Financial Services Commission and the Office of the Registrar of the Companies Office of Jamaica.

McKenley & Associates
Chartered Accountants

Kingston, Jamaica
12 March 2018

Wilfred M. McKenley, F.C.C.A., F.C.A., M.B.A., Janice E. McKenley, B.Sc., EMBA., F.C.C.A., F.C.A. (Partner on Leave)

Derrimon Trading Company Limited

Financial Statements

31 December 2017

MCKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS
"Continuous Improvement and Innovation are our Duties......"

Derrimon Trading Company Limited
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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 stand-alone financial statements give a true and fair view of the consolidated financial position of Derrimon Trading Company Limited (the Company) and its subsidiary (together the 'Group') as at 31 December 2017 and the 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 stand-alone statements of comprehensive income for the year ended 31 December 2017.
- The Group and stand-alone statement of financial position as at 31 December 2017.
- The Group and stand-alone statements of changes in stockholders' equity for the year ended 31 December 2017.
- The Group and stand-alone statements of cash flows for the year ended 31 December 2017.
- The notes in the financial statements 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 Company within the meaning of 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.

Wilfred M. McKenley, F.C.C.A., F.C.A., M.B.A., Janice E. McKenley, B.Sc., EMBA., F.C.C.A., F.C.A. (Partner on Leave)

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

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Our Audit Approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatements in the consolidated 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 for consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. 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.

- **Borrowings**

  See notes 3 (v), 24 and 26 to the financial statements for management's disclosures of related accounting policies, judgments and estimates.

  Based on the Strategic decision by the Group to generate growth by utilizing debt as at 31 December 2017, long and short-term borrowings inclusive of preference shares and overdraft facilities represented $1.04 Billion or 58 % of the total assets of the Group. The Group is highly leveraged.

  We reviewed the loan agreements and repayment schedules and 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. We did not identify any negative correspondence from financial institutions that indicated that the Company was 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 queried senior management regarding the growth and expansion strategy using debt as the principal means of growth and expansion. 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 being unable to meet its obligations as they fall due.

  Management is mindful of this inherent liquidity risk however, they are confident that their strategic growth and expansion plan will perform as anticipated 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 effective 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.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

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Key Audit Matters (continued)

- **Borrowings (continued)**

  See notes 3 (v), 24 and 26 to the financial statements for management's disclosures of related accounting policies, judgments and estimates (continued).

  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 during the subsequent period that would permit any lender to demand accelerated repayment. 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.

- **Goodwill**

  See notes 3 (q) and 16 to the financial statements for management's disclosures of related accounting policies, judgments and estimates

  Under IFRS, the Group is required to annually test the amount of goodwill and other intangibles. This annual impairment test was significant to our audit because the assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions existing in Jamaica. As a result, our audit procedures included, among others, evaluating the assumptions used by the Group, in particular, those relating to the forecasted revenue growth and profit margins for the supermarket outlets. The Group's disclosures regarding goodwill are included in note 3 (q), which specifically explains that small changes in key assumptions used could give rise to an impairment of the goodwill balance in the future. The individual cash generating units that were acquired, inclusive of a payment for goodwill continues to operate satisfactorily and as a consequence management do not consider it necessary to make any impairment provision.

- **Joint Operation**

  See notes 3 (c), (d) and 9 to the financial statements for management's disclosures of related accounting policies, judgments and estimates.

  As described in Note 9, the Company acquired 60% of Select Grocers and started operations in March 2017. Management determined that it was a joint operation and therefore the Company accounted for 60% of the assets, liabilities, revenue and expenses. Management considered this method to be appropriate based on the circumstances.

  We evaluated, by reference to IFRS 10 and IFRS 11, whether joint control existed and the type of joint arrangement and based on how Select Grocers was being operated it was not considered unreasonable to account for Select Grocers in this manner.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

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.

Responsibilities of Management and those charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated 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 assurance 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 on the basis of these consolidated financial statements.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 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 for the purpose of expressing an opinion on the effectiveness of the Group'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 financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are not responsible for the direction, supervision and performance of the Group. We remain solely responsible for our audit opinion.
- 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'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 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.

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.

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 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.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

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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 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

28 February 2018
Kingston, Jamaica

Derrimon Trading Company Limited
Group Statement of Comprehensive Income
Year ended 31 December 2017

	Note	31 December 2017 $'000
Revenue		
Trading income	3(g)	6,723,810
Less cost of sales		5,388,010
Gross profit		1,335,800
Other income	5	257,128
		1,592,928
Less operating expenses:		
Administrative	6	(1,005,566)
Selling & distribution	6	(135,665)
		(1,141,231)
Operating profit before finance costs		451,697
Finance costs	6	(169,901)
Profit before taxation		281,796
Taxation	11	-
Net profit		281,796
Other Comprehensive Income, net of taxes-		
Items that may be reclassified to profit or loss		-
Total comprehensive income		281,796
Net Profit Attributable to:		
Stockholders of the company		252,369
Non-controlling interests		29,427
		281,796
		$
Earnings per stock unit	14	0.92

There are no prior year figures; 2017 was the first year Derrimon Trading Company Limited produced Group Financial Statements.

Derrimon Trading Company Limited

Group Statement of Financial Position

31 December 2017

	Note	2017
		$'000
Non-current assets:		
Property, plant and equipment	15	387,007
Goodwill	16	33,220
Intangible assets	16	256,523
Current assets:		
Inventories	17	795,551
Receivables	18	887,212
Taxation recoverable		5,209
Investments	20	256,976
Cash and cash equivalents	21	265,521
		2,210,469
Current liabilities:		
Payables	22	791,036
Short term loans	23	29,976
Current portion of borrowings	25	258,766
Bank overdraft	26	17,949
		1,097,727
Net current assets		1,112,742
		1,789,492
Stockholder's equity		
Share capital	27	140,044
Capital reserves	12	133,053
Investment revaluation reserve	13	614
Retained earnings		590,357
		864,068
Non-controlling interests	24	171,107
		1,035,175
Non-current liability:		
Borrowings	25	754,317
Total equity and non-current liabilities		1,789,492

Approved for issue by the Board of Directors on 28 February 2018 and signed on its behalf by:

Derrick Cotterell
Director

Alexander Williams
Director

There are no prior year figures; 2017 was the first year Derrimon Trading Company Limited produced Group Financial Statements.

Derrimon Trading Company Limited

Group Statement of changes in Shareholder's Equity

Year ended 31 December 2017

		Attributable to the Company's Stockholders				Non-controlling Interests	Total Equity
	Share Capital	Capital Reserves	Retained Earnings	Investment Revaluation Reserve	Realised Gains on Disposal		
		$'000	$ '000	$'000	$'000	$'000	$'000
Balance at 1 January 2017	140,044	-	337,988	614	-	-	478,646
Net profit for 2017, being total comprehensive income	-	-	252,369	-	-	29,427	281,796
NCI: acquisition of subsidiary						141,680	141,680
Movement during the year	-	93,949		-	39,104		133,053
Balance : 31 December 2017	140,044	93,949	590,357	*614	39,104	171,107	1,035,175

- Unrealised gain/ (loss) on hares quoted on the Jamaica Stock Exchange classified as available-for-sale.

There are no prior year figures; 2017 was the first year that Derrimon trading Company Limited produced Group Financial Statements.

Derrimon Trading Company Limited
Group Statement of Cash Flows
Year ended 31 December 2017

	Note	2017
		$'000
Cash flows from operating activities:		
Net profit		252,369
Items not affecting cash resources:		
Depreciation	15	51,852
Investment revaluation		37,135
Capital reserve		(689)
Interest income		(9,210)
Finance cost		169,908
Operating income before changes in operating assets and liabilities		501,365
Changes in non-cash working capital components:		
Inventories		189,451
Short-term Investments		(154,495)
Related company balances		834
Receivables		(154,112)
Prepayments		121,141
Payables		19,027
		21,846
		523,211
Finance cost		(169,098)
Net cash provided by operating activities		354,113
Cash flows from Investment activities:		
Interest income		9,210
Investments in subsidiary		(244,116)
Realised gains on disposal of shares in subsidiary		39,103
Purchase of fixed assets	15	(247,022)
Purchase cost of goodwill		(18,000)
Net cash used in investment activities		(460,825)
Financing activities:		
Loans received during the year		353,259
Repayment of loans		(194,296)
Interest expense		(804)
Net cash used in financing activities		158,159
Net increase in cash and cash equivalents		51,447
Net cash balances at beginning of year		196,125
Net cash and cash equivalents at end of year		247,572
Represented by:		
Cash and cash equivalents	21	265,521
Bank overdraft	26	(17,949)
		247,572

There are no prior year figures; 2017 was the first year Derrimon Trading Company Limited produced Group Financial Statements.

Derrimon Trading Company Limited
Company Statement of Comprehensive Income
Year ended 31 December 2017

	Note	2017 $'000	2016 $'000
Revenue			
Trading income	3(g)	6,346,526	6,176,928
Less cost of sales		5,162,896	5,242,449
Gross profit		1,183,630	934,479
Other income	5	38,562	19,474
		1,222,192	953,953
Less operating expenses:			
Administrative	6	923,899	561,460
Selling & distribution	6	131,229	177,952
		1,055,128	739,412
Operating profit before finance costs		167,064	214,541
Finance costs	6	(169,098)	(136,621)
Gain on acquisition of subsidiary	5	206,349	-
Share of profit of associated company		-	38,187
Profit before taxation		204,315	116,107
Taxation	11	-	-
Net profit		204,315	116,107
Other comprehensive Income, net of taxes		-	-
Total comprehensive income		204,315	116,107
		$	$
Earnings per stock unit	14	0.75	0.43

Derrimon Trading Company Limited
Company Statement of Financial Position
31 December 2017

	Note	2017	2016
		$'000	$'000
ASSETS			
Non-current assets:			
Property, plant and equipment	15	371,557	176,130
Goodwill	16	33,220	15,220
Investment in associate	10	-	194,604
Investment in subsidiary	10	438,720	-
Current assets:			
Inventories	17	710,595	905,827
Receivables	18	820,408	680,661
Prepayments	18	-	120,619
Related parties	19	-	834
Investments	20	124,362	12,178
Cash and cash equivalents	21	177,140	157,934
		1,832,505	1,878,053
Current liabilities:			
Payables	22	780,475	772,033
Short term loans	23	29,975	224,272
Current portion of borrowings	25	256,527	30,901
Bank overdraft	26	17,949	56,740
		1,084,926	1,083,946
Net current assets		747,579	794,107
Total assets less current liabilities		1,591,076	1,180,061
EQUITY			
Share capital	27	140,044	140,044
Capital reserves	12	133,052	57,503
Investment revaluation reserve	13	614	614
Retained earnings		570,622	366,307
		844,332	564,468
Non-current liability:			
Borrowings	25	746,744	615,593
Total equity and non-current liabilities		1,591,076	1,180,061

Approved for issue by the Board of Directors on 28 February 2018 and signed on its behalf by:

Derrick Cotterell
Director

Alexander Williams
Director

There are no prior year figures; 2017 was the first year Derrimon Trading Company Limited produced Group Financial Statements.

Derrimon Trading Company Limited
Company Statement of Changes in Stockholders' Equity
Year ended 31 December 2017

	Share Capital	Retained Earnings	Investment Revaluation Reserve	Capital Reserves	Total
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2015	140,044	250,200	614	57,503	448,361
Net profit for 2016	-	116,107	-	-	116,107
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

* Unrealised gain/ (loss) on shares quoted on the Jamaica Stock Exchange classified as available- for- sale

Derrimon Trading Company Limited
Company Statement of Cash Flows
Year ended 31 December 2017

	Note	2017	2016
		$'000	$'000
Cash flows from operating activities:			
Net profit		204,315	116,107
Items not affecting cash resources:			
Depreciation	15	48,854	23,741
Capital reserves		(689)	-
Investment revaluation		37,138	
Gain on sale of fixed assets		-	(1,250)
Share of profit of associated company		-	(38,187)
Interest income		(451)	(795)
Finance costs		169,098	136,620
Operating income before changes in operating assets and liabilities		458,265	236,236
Changes in non-cash working capital components:			
Inventories		195,231	(317,540)
Related company balances		834	13,701
Receivables		(139,749)	(174,931)
Prepayments		120,619	(120,619)
Payables		8,443	211,490
		185,378	(387,899)
Cash generated by/ (used in) operations		643,643	(151,663)
Finance costs		(169,098)	(136,621)
Net cash provided by/ (used in) operating activities		474,545	(288,284)
Investment activities:			
Interest income		451	794
Investments		(112,184)	(9,827)
Dividend received from associated company		-	4,409
Proceeds from sale of property, plant and equipment		-	6,700
Investment in associate		(244,116)	-
Purchase of property, plant and equipment	15	(244,283)	(44,996)
Purchase cost of goodwill		(18,000)	-
Realised gain on disposal of shares		39,103	-
Net cash used in investment activities		(579,029)	(42,920)
Financing activities:			
Loans received during the year		356,777	424,325
Repayment of loans		(194,296)	(52,130)
Net cash provided by financing activities		162,481	372,195
Net increase in cash and cash equivalents		57,997	40,991
Net cash balances at beginning of year		101,194	60,203
Net cash and cash equivalents at end of year		159,191	101,194
Represented by:			
Cash and cash equivalents	21	177,140	157,934
Bank overdraft	26	(17,949)	(56,740)
		159,191	101,194

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Derrimon Trading Company Limited ("the Company") together with its subsidiary is referred to as the Group. The Company is a private company limited by shares incorporated and domiciled in Jamaica. Effective 17 December 2013, the Company's shares were listed on the Junior Market of the Jamaican Stock Exchange (JSE). The registered office of the Group is located at 233 and 235 Marcus Garvey Drive, Kingston 11.

The principal activity of the Company is the wholesale and bulk distribution of household and food items inclusive of meat products and the retailing of those and other food items and meat products through the operation of a chain of outlets and supermarkets.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with the provision of the Jamaican Companies Act (the 'Act") and with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB) using the accounting policies described herein.

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on 28 February 2018.

Going concern

The preparation of the financial statements in accordance with IFRS assumes that the Group will continue in operational existence for the foreseeable future. This means, in part, that the statements of profit or loss and comprehensive income and financial position assume no intention or necessity to liquidate or curtail the scale of operations. This is referred to as the going concern principle.

Management principally uses borrowings as a means of growth and expansion. This strategy has an inherent liquidity risk that the cash generating units acquired using debt may not perform as expected and result in cash flow challenges. Management is mindful of this inherent liquidity risk. They are confident that their strategic growth and expansion strategy and plan will perform as anticipated and along with management's access to further credit facilities, they do not anticipate any going concern challenges within the foreseeable future.

Management has prepared the financial statements of the Group as a going concern. The Group and Company are expected to continue in operation for the foreseeable future. Management has neither the intention nor have they considered the need to liquidate or significantly curtail the scale of its operation.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

Basis of presentation

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

- Financial instruments at fair value through profit or loss;
- Available-for-sale financial assets;
- Revaluation of certain property, plant and equipment; and
- Initial recognition of assets acquired, and liabilities assumed in subsidiaries and joint arrangement

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

Functional and presentation currency

The Group's functional and presentational currency is the Jamaican dollar (JAD$).

Key sources of estimation and critical judgments

The preparation of the financial statements in accordance with IFRS requires Management to make judgments and estimates that may 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 stand alone 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 Group 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 management believes could have the most significant impact on the amounts recognized in the financial statements.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

Key sources of estimation and critical judgments (Continued)

Operating segments information

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

Impairment of assets

Judgment – Management uses judgment in determining the grouping of assets to identify the Cash-Generating Units ("CGUs") for the purposes of 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). 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 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 prior to its impairment. The reversal is also recognized in the statement of comprehensive income.

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.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

Key sources of estimation and critical judgments (Continued)

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 so as to allow Management to exercise that judgment consistently.

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).

Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Group applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

Inventories

Estimation – Inventories are carried at the lower of cost and net realized value. Cost being measured on the average cost 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 obsolescence.

Derrimon Trading Company Limited

2. BASIS OF PREPARATION (CONTINUED)

Key sources of estimation and critical judgments (Continued)

Receivables

Estimation – Management's estimate of allowance on accounts receivable is based on analysis of the Aged Receivables and historical experience with delinquency and default. Default rates and the allowance amount are regularly reviewed against the actual outcomes to ensure that they remain appropriate.

Allowance for losses

Judgments: In determining amounts recorded for allowance for losses in the financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable and other financial assets from conditions such as repayment default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired assets, including the net realizable value of underlying collateral, as well as the timing of such cash flows. The adequacy of the allowance depends on the accuracy of these judgments and estimates.

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.

Others

Estimation – Other estimates include measuring payables and accruals and in measuring fair values of financial instruments.

2. BASIS OF PREPARATION (CONTINUED)

Standards, amendments and interpretations issued and adopted which are relevant to the Group's operations

Disclosure initiative (IAS 1)

In December 2014, the International Accounting Standard Board ("IASB") issued Disclosure Initiative amendments to IAS 1 as part of the IASB's Disclosure Initiative. These amendments encourage entities to apply professional judgment regarding disclosure and presentation in their financial statements. These amendments were effective for annual periods beginning on or after January 1, 2016, and were applied prospectively. The implementation of these amendments did not have any significant effects on these consolidated financial statements.

Disclosure initiative (IAS 7)

In January 2016, the IASB issued Disclosure Initiative amendments to IAS 7 – Statement of Cash Flows also as part of the IASB's Disclosure Initiative. These amendments required entities to provide additional disclosures that will enable financial statement users to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes.

These amendments are effective for annual periods beginning on or after 1 January 2017.

Income taxes (IAS 12)

In January 2016, the IASB amended IAS 12 – *Income taxes* by issuing Recognition of deferred tax assets for unrealized losses. The amendments clarify the accounting for deferred tax where the asset is measured at fair value and that fair value is below the asset's tax base. The amendments also address the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

These amendments are effective for annual periods beginning on or after 1 January 2017.

Disclosure of interests in other entities (IFRS 12)

In December 2016, the IASB amended IFRS 12 – Disclosure of interest in other entities. The objective of these amendments is to require an entity to disclose information that enables users of the financial statements to evaluate the nature of and risk associated with its interest in other entities; and the effects of those interests on its financial position, financial performance and cash flows.

These amendments are effective for annual periods beginning on or after 1 January 2017.

Derrimon Trading Company Limited

2. BASIS OF PREPARATION (CONTINUED)

Standards, amendments and interpretations issued but not yet adopted which are relevant to the Group's operations

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 2017 and, accordingly, have not been applied in preparing these Group financial statements.

Investment property (IAS 40)

In January 2016, the IASB issued amendments to IAS 40 – Investment property. These amendments clarified that to transfer to, or from investment property, there must be a change in use. There must be an assessment and supportable evidence for the change.

These amendments are effective for annual periods beginning on or after 1 January 2018.

Financial instruments (IFRS 9)

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments, which bring together the classification and measurement, impairment and hedge-accounting phases of the IASB's project to replace IAS 39 – Financial Instrument: Recognition and Measurement. IFRS 9 principal focus includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets; and new disclosure requirements about expected credit loss and credit risk. For Hedge accounting – The new general hedge accounting model more closely aligns hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

IFRS 9 will be applied retrospectively for annual periods beginning on or after 1 January 2018.

Revenue from contracts with customers (IFRS 15)

In May 2014, the IASB issued IFRS 15 – Revenue from contracts with customers, which replace IAS 11 – Construction contracts, IAS 18 – Revenue and International Financial Reporting Interpretation Committee ("IFRIC") 13 – Customer loyalty program (IFRIC 13), as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. It also contains enhanced disclosure requirements.

In April 2016, the IASB published clarifications to IFRS 15 which address three topics (identifying performance obligations, principal versus agent considerations and licensing) and provided some transition relief for modified contracts and completed contracts.

IFRS 15 and the amendments will be applied retrospectively for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

2. BASIS OF PREPARATION (CONTINUED)

Standards, amendments and interpretations issued but not yet adopted which are relevant to the Group's operations (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 have a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating and finance leases being retained.

IFRS 16 will be applied retrospectively for annual periods beginning on or after 1 January 2019. Early adoption is permitted if IFRS 15 has also been applied.

Foreign currency transactions and advance consideration (IFRIC 22)

In January 2016, the IASB amended IAS 21 – *The* effects of changes in foreign exchange rates by issuing IFRIC 22 – Foreign currency transactions and advance consideration. These amendments clarified how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the de-recognition of a non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration in a foreign currency.
IFRIC 22 is effective for annual periods beginning on or after 1 January 2018. Early application is permitted, and the Company is required to disclose that fact

Uncertainty over income tax treatments (IFRIC 23)

This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatment.

IFRIC 23 is effective for annual periods beginning on or after 1 January 2018. Early application is permitted, and the Company is required to disclose that fact.

Investments in associates and joint ventures (IAS 28)

In December 2016, the IASB amended IAS 28 – Investments in associates and joint ventures. These amendments clarify the accounting policy choice available for *electing to* measure the investments at fair value through profit or loss in accordance with IFRS 9.

These amendments are effective for annual periods beginning on or after 1 January 2018.

Management is currently assessing the likely future impact of these standards and amendments on these consolidated financial statements.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

(a) Basis of consolidation

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. The results of the Group's subsidiary have been prepared to align with the Group's reporting date.

The results of Caribbean Flavours and Fragrances Limited (CFFL) which have a different year end, 30 June 2017, have been included in these consolidated financial statements for the twelve (12) months period ended 31 December 2017. The year-end of DTCL and Select Grocers Supermarket is 31 December 2017.

Income or loss and each component of Other Comprehensive (OCI)I are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance on consolidation.

The consolidated financial statements include the financial statements of the Company and its holdings in Select Grocers and its subsidiary, CFFL as follows:

Entity	Principal Activity	% Ownership by Company at 31 December 2017	% Ownership by Company at 31 December 2016
CFFL	Manufacture of Flavours and Fragrances the Group at 31 December 2017	62.02	49.02
Select Grocers	Operation of Supermarket	60	0

During the year, on 10 February 2017, the Company acquired an additional 26% of CFF, moving its shareholding from 49.02% to 75.02% of CFFL. This gained control and this resulted in CFFL becoming a subsidiary at that date. On 16 June 2017, The Company subsequently sold 13% of its CFFL shareholdings, reducing its balance to 62.02% while maintaining control of CFFL.

The sale of the 13% shareholding represented a change in ownership interests without change of control. This transaction is accounted for as an equity transaction, that is, transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary are recorded in equity. Gains or losses on disposals to non-controlling interests are recorded in profit or loss.

The Company's 60% holding in the joint arrangement with Select Grocers is being reported as a joint operation in accordance with IFRS 11. The Company accounts for this entity by incorporating 60% of its assets, liabilities, revenue and expenses into the financial statements of the Company.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Joint arrangement

A joint arrangement is an arrangement in which two or more parties have joint control.

Joint control is the contractually agreed sharing of control whereby decisions about relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is classified as a joint operation when the parties those have joint control of the arrangement have rights to the assets and obligations for the liabilities related to the arrangement. The Company records its share of the joint operation's assets, liabilities, revenues and expenses.

(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 a bargain purchase, is recognized in profit or loss immediately.

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

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Associate

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The associate is initially recognized in the company's statement of financial position at cost. Subsequently, associates are accounted for using the equity method where the company's share of post-acquisition profits or losses is recognized in the statement of comprehensive income. Losses in excess of the Company's investment in the associate are not recognized unless there is an obligation to make good those losses. Profits or losses arising from transactions between the Company and its associate are recognized only to the extent of unrelated investors' interest in the associate. The investor's share of the associated profit and losses resulting from these transactions is adjusted against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Company's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalized and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Changes in ownership interests in subsidiary without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Segment reporting

An operating segment is a component of the Company:

a. That engages in business activities from which it may earn revenues and incur expenses (including intra-company revenues and expenses),
b. Whose operating results are regularly reviewed by the Company's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and
c. For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Segment reporting (continued)

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year. Management considers the Company to have three (3) (2016- two (2)) strategic business units which offer differentiated volume and price to its customers.

The primary operating segments (reportable business units) are:

Distribution (Household products, detergents and bulk foods);

Wholesale (Trading outlets and supermarkets); and

Other Operations (Manufacturer of Flavours and Fragrances)

Financial and other transactions between business units have been eliminated where necessary in preparing these consolidated financial statements.

(f) 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. Land is carried at cost and is not depreciated.

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

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 comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (Continued)

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.

(g) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax, returns and discounts and after eliminating sales within the Group.

The Group recognizes revenue in the income statement when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group, where the significant risks and rewards of ownership have been transferred to the buyer and specific criteria have been met in relation to the Group's activities as described below:

Sale of goods

Sales are recognized upon delivery of products and customer acceptance of the products and collectability of the related receivables is reasonably assured. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration that is due for the delivery and supply of goods.

Services rendered

Revenue from the provision of services is recognized when the service has been provided to customers.

Interest income

Interest income is recognized in profit or loss for all interest-bearing instruments on an accrual basis unless collectability is doubtful.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Other operating income

Other operating income includes gains on disposal of assets recognized when received, rental of investment property recognized when earned, and miscellaneous inflows recognized when received.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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 generally included in profit or loss.

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

(i) Financial instruments – recognition and measurement

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial assets and liabilities:

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 required to be 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 issue of financial assets and financial liabilities, except those classified as *fair value through profit or loss ("FVTPL")*, are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities classified as *fair value through profit or loss* are recognized immediately in net income.

The Company classifies financial instruments, at the time of initial recognition, according to their characteristic and Management's choice and intentions related thereto for the purposes of ongoing measurement. Classification choices for financial assets include:

a. FVTPL
b. Held-to-maturity investments
c. Available-for-sale, and
d. Loans and receivables

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial instruments – recognition and measurement (continued)

Classification choices for financial liabilities include:
a. FVTPL; and
b. Other liabilities

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

Asset/Liability	Classification	Measurement
Receivables	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Cash and cash equivalents	Loans and receivables	Amortized cost
Related party receivable	Loans and receivables	Amortized cost
Bank overdraft	Other liabilities	Amortized cost
Payables	Other liabilities	Amortized cost
Short term loans	Other liabilities	Amortized cost
Long-term borrowing	Other liabilities	Amortized cost

Available-for-sale

Financial assets classified as available-for-sale are measured at fair value with changes in fair value recognized in Other Comprehensive Income ("OCI") until realized through disposal or other than temporary impairment, at which point the change in fair value is recognized in net income. Dividend income from available-for-sale financial assets is recognized in net income when the Company's right to receive payments is established. Interest income on available-for-sale financial assets, calculated using the effective interest rate method, is recognized in net income.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the asset is de-recognized or impaired.

Other liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

De-recognition of financial instruments

A financial asset is derecognized when the contractual rights to the cash flow from the assets expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the asset. Any interest in transferred financial assets created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the contractual obligations are discharged, cancelled or expire.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are carried at the lower of cost and net realizable value.

The cost of inventories is determined based on 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.

(k) 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:

(a) **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 of a parent of the Company.

(b) **An entity is related to the Company if any of the following conditions applies:**

- 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 to the parent of the company.

A related party transaction involves transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income taxes

Taxation expense in profit or loss comprises current and deferred tax charges

i. Current Taxation

Current tax charges are based on taxable profit for the year, which differs from the reported profit before tax because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the date of the statement of financial position.

ii. Deferred Taxation

Deferred tax is the tax expected to be paid or received on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is charged or credited to profit or loss, except where it related to items charged or credited to other comprehensive income or equity, in which cases, deferred tax is also dealt with in other comprehensive income or equity

At 31 December 2017, no deferred tax was accounted for because Derrimon, the parent company of the group, was listed on the Junior Market of the JSE, effective 17 December 2013 and is subject to five (5) years tax free status until 17 December 2018 and 50% tax free status until 17 December 2023.

The other subsidiary of the Group, CFFL, is also listed on the Junior Market of the JSE and during this period is not subject to income tax.

(m) Trade receivables

Trade and other receivables are carried at anticipated realizable value. An allowance for impairment 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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in *Bad Debt expense* in the statement of comprehensive income. When a 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 in the statement of comprehensive income.

(n) Prepayments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) Cash and cash equivalents

Cash and cash equivalents are defined as cash-in-hand and at-bank

Bank overdrafts are repayable on demand and form part of the Group's cash management activities and are included as a component of net cash resources for the purposes of the statement of cash flows.

(q) 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 in a business combination. Goodwill is measured at cost less accumulated impairment Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested for impairment annually and carried at cost less accumulated impairment. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is assigned to cash generating units that are expected to benefit from the synergies of the combination.

The Group and Company assess goodwill for impairment at least on an annual basis or when events or circumstance indicates that the carrying value may be impaired.

Research and development

Expenditures on research and development activities are expensed as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lessor
When the Company is the lessor in an operating lease, rental income is recognized in net income on a straight-line basis over the term of the lease.

Lessee
When the Company is the lessee in an operating lease, rent payments are charged to profit or loss on a straight-line basis over the term of the lease. Lease incentives are amortized on a straight-line basis over the terms of the respective leases.

Assets under finance leases are recognized as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the Consolidated Balance Sheets as a finance lease obligation. Lease payments are apportioned between finance costs and reduction of the lease obligations, so as to achieve a constant rate of interest on the remaining balance of the liability

(s) Impairment of assets

The carrying amounts of property, plant and equipment, 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 the manner in which 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.

Cash generating units

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.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impairment of assets (Continued)

Determining the recoverable amount
An impairment loss is recognized when the carrying amount of an asset, or of the CGU to which it belongs, exceeds the recoverable amount. The recoverable amount of an asset or CGU is defined as the higher of its fair value less costs to sell ("FVLCS") and its Value-In-Use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value. Cash flows are discounted using a pre-tax discount rate that includes a risk premium specific to each line of business. The Company estimates future cash flows 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 values is based the Bank of Jamaica's target inflation rate or a growth rate specific to the individual item being tested based on Management's estimate.

Recording impairments and reversals of impairments

Impairments and reversals of impairments are recognized in other income in the Consolidated Statements of 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.

(t) 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.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Pension and employee benefits

The Company does not have a Pension Plan; however, it has implemented an Individual Retirement Account (IRA) Scheme for some categories of staff operated by an Insurance Company. The Company contributes a fixed amount to this Scheme for each participating individual. The Company recognizes a liability and an expense for its contribution to the Scheme.

(v) Borrowings and borrowing costs

Short-term loans and Borrowings

Borrowings are 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 of the consolidated statement of financial position, otherwise, it is classified as long-term. Subsequent to initial recognition, Borrowings is measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the liability is derecognized.

Borrowing cost and interest

Borrowing costs and interests 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 and interests are recognized in profit or loss in the period in which they are incurred.

(w) Payables and accruals

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

Payables for trade and other accounts payable at 31 December 2017, which are normally settled on 30 to 90 days terms, are recorded at original invoice amount or an amount representing the fair value of the consideration to be paid in the future for goods or services received by the Group.

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

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) 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.

(y) Earnings per share

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

(z) 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.

(aa) Provisions

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 comprehensive income net of any reimbursement.

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(bb) 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.

(cc) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year. There are no 2016 figures for the Group because the year ended 31 December 2017 was the first period that the Group acquired a subsidiary, necessitating consolidation.

4. 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 flavor and fragrances. The principal divisions are:

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

(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

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

4. SEGMENTAL FINANCIAL INFORMATION (continued)

The Group

2017

	Distribution	Sampars Outlets	Other Operations	Total
	$'000	$'000	$'000	$'000
Revenue from external customers	2,422,364	3,924,160	377,284	6,723,808
Depreciation	20,314	28,540	2,998	51,852
Current liabilities	565,033	660,469	26,029	1,251,531
Current Assets	1,102,495	877,630	391,191	2,31,316

The Company

2017

	Distribution	Sampars and Select Grocers	Total
	$'000	$'000	$'000
Revenue from external customers	2,422,364	3,924,160	6,346,524
Depreciation	20,314	28,540	48,854
Current liabilities	565,033	660,469	1,225,502
Current Assets	1,102,495	877,630	1,980,125

2016

	Distribution	Sampars Outlets	Total
	$'000	$'000	$'000
Revenue from external customers	2,888,146	3,288,782	6,176,928
Depreciation	11,494	12,247	23,741
Current liabilities	602,191	477,764	1,079,955
Current Assets	1,153,081	724,972	1,878,053

No reconciliations between segments are presented to the CEO in the Company's monthly financial statements.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

5. OTHER INCOME

	The Group	The Company	
	2017 $'000	2017 $'000	2016 $'000
Interest income	451	451	795
Rental from warehouse space	22,399	22,400	18,670
Other income: insurance proceeds, bad debts recovered and dividends	28,378	16,161	9
	50,779	38,562	19,474
Gain on acquisition of subsidiary	206,349	206,349	-
	257,128	244,911	19,474

6. EXPENSES BY NATURE

	The Group	The Company	
	2017 $'000	2017 $'000	2016 $'000
Direct costs			
Cost of inventories recognized as an expenses	5,388,010	5,162,896	5,242,449

	The Group	The Company	
	2017 $'000	2017 $'000	2016 $'000
Administrative expenses			
Directors fees and expenses	11,697	860	-
Insurance	44,089	42,067	27,235
Motor vehicle expenses	18,211	17,363	6,106
Professional services	50,268	46,074	20,006
Office expenses	26,310	23,110	19,940
Repairs and maintenance	28,611	27,707	22,957
Rental of equipment and office	132,091	123,952	60,606
Staff costs (note 7)	377,431	349,918	273,092
Security	23,614	22,336	18,505
Utilities	97,486	94,326	55,935
Depreciation	51,852	48,854	23,741
Gain on disposal of fixed assets	-	-	(1,250)
Travelling and accommodation	14,081	8,534	9,861
Other, including minimum business tax	124,190	118,798	24,726
Acquisition cost	5,635	-	-
	1,005,566	923,899	561,460

Derrimon Trading Company Limited

Notes to the Financial Statements

31 December 2017

6. EXPENSES BY NATURE (Continued)

	The Group	The Company	
	2017	2017	2016
Selling and distribution	$'000	$'000	$'000
Advertising and promotion	39,537	35,949	40,239
Commission	13,905	13,905	31,757
Bad debts written off	12,256	12,256	13,253
Trucking and delivery	69,966	69,118	92,703
	135,664	131,228	177,952

	The Group	The Company	
	2017	2017	2016
Finance costs	$'000	$'000	$'000
Long term loans: Interest (including preference dividend)	106,532	106,533	102,907
Credit line interest and bank charges	63,369	62,565	33,713
	169,900	169,098	136,621

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

7. STAFF COSTS

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Salaries and wages	318,123	301,287	247,602
Staff welfare	35,524	32,607	16,795
Contract services and other	23,784	16,024	8,695
	377,431	349,918	273,092

The average number of persons employed full-time by the Group during the year was 265 (2016 – 243) and part-time was 21 in (2016 - the Group came into existence in 2017).

8. ACQUISITION OF CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

On 12 February 2017, the Company acquired 75.02% of the voting shares of Caribbean Flavours and Fragrances Limited ("CFFL") by means of a staged acquisition with the ownership of an additional 26% of CFFL voting share for a purchase consideration of $506,159,425. This included cash of $105,206,436 and the fair value of 49.02% of CFFL voting shares ($400,953) previously held as investment in associate by the Company. The fair value of the previously held shares were re-measured using the market price for CFFL shares of $9.10 per share as quoted on the JSE on 12 February 2017.

CFFL, a public listed company on the JSE Junior Market, is domiciled in Jamaica with registered offices at 226 Spanish Town Road, Kingston 11, Jamaica W.I. Its activities are the manufacturing and distribution of flavours for the beverages, baking and confectionery industries; and fragrances for household and general cleaning and sanitation purposes

Derrimon Trading Company Limited
Notes to the Financial Statements
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8. ACQUISITION OF CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED (continued)

Intangible assets of $270,789,869 were recognized on the acquisition, being the excess of the purchase consideration over the fair value of the net assets acquired as set out below. The net asset fair values, in line with accounting standards, were determined, on the cost approach basis reflecting the amount that would be required to replace the service capacity of the business. The net book values were deemed the replacement costs at the acquisition date. The fair value of the non-controlling interest was measured on the same basis.

On 16 June 2017, the Company sold 13% of its ownership interest in CFFL for cash consideration of $114,648,068, reducing its holdings from 75.02% to 62.02%., without losing control of CFFL. As a result of this proportional change in equity held by the non-controlling interest, the Company adjusted the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interest in CFFL. These adjustments were recognized directly in equity and the difference between the non-controlling interest and the consideration received were attributed to the shareholders of the Company.

DTCL: Summarized financial information

	2017
	$'000
Amount settled in cash	105,206
Fair value of equity shares issued	-
Total	105,206
Effect of settlement of pre-existing relationship	
Fair value of consideration transferred	105,206
Fair value of previously held investment in CFFL	400,953
Fair value of non-controlling interest in CFFL	78,373
	584,533
Recognised amounts of identifiable net assets:	
Fixed assets, net	15,513
Investments	160,303
Receivables, net	44,044
Inventories	86,800
Prepayments	1,784
Cash and bank	43,203
Taxation recoverable	3,153
Payables and accruals	(29,061)
Borrowings	(11,997)
Net identifiable assets and liabilities	**313,743**
Intangible assets	270,790
Impact of the 13% re-sale of CFFL shares	(14,267)
Revised intangible assets	256,523

DTCL book value of 49.02% of CFFL as at 11 February 2017 $194,604,036

DTCL fair value of 49.02% of CFFL as at 12 February 2017 $400,953,426

Gain recognized on re-measurement $206,349,390

The re-measurement gain was recognized in the Company's Profit or Loss Statement.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

8. ACQUISITION OF CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED (continued)

CFFL: Summarized financial information

	2017 $'000
Dividends paid to non-controlling interests	4,950
Current assets	389,249
Non-current assets	15,450
Current liabilities	23,789
Non-current liabilities	9,813
Revenue	375,366
Depreciation and amortization	3,376
Interest income	9,826
Interest expense	920
Post-tax profit or loss from continuing operations	77,275
Other comprehensive income	
Total comprehensive income	77,275

9. JOINT OPERATION AND ASSOCIATES

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.

Select Grocers: Summarized financial information

	2017 $'000
Dividends received from joint operations	Nil
Current assets	122,066
Cash and cash equivalents included in current assets	5,536
Non-current assets	146,467
Current liabilities	110,556
Current financial liabilities, excluding trade and other payables and provision, included in current liabilities	Nil
Non-current liabilities	9,000
Revenue	327,171
Depreciation	10,690
Interest income	Nil
Interest expense	2,046
Income tax expense or income	-
Post-tax profit	18,336

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

10. INVESTMENT IN ASSOCIATE AND SUBSIDIARY

	The Company	
Associate acquired: August 2014	2017 $ $'000	2016 $ $'000
Investment at the beginning of the year	194,604	160,825
Share of results of associate after tax	-	38,186
Less dividend received	-	(4,407)
Re-measurement gain on acquisition	206,350	-
Amount settled in cash	105,206	-
Cost of shares resold	(67,440)	-
Balance at the end of the year	438,720	194,604

In August 2014, the Company acquired 49.02% of CFFL, a company incorporated in Jamaica and listed on the Junior Market of the Jamaican Stock Exchange. The Company participated in the financial and operating policy decisions but did not control CFFL.

In February 2017, the Company acquired an additional 26% of the issued shares of CFFL, effectively gaining control. The Company subsequently sold 13% in June 2017, resulting in a holding of 62.02% of the issued shares as at 31 December 2017. Both entities were consolidated at the end of the reporting period.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

11. TAXATION

Income tax is based on profit for the year, taxable at 25%, adjusted for taxation purposes and comprises:

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Income tax charge @ 25% (2016 - 25%)	-	-	-

The income tax charge on the Group's profit differs from the theoretical amount that arose using the statutory tax rate as follows:

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Profit before taxation	281,796	204,315	116,106
Income tax calculation at 25%	70,449	51,078	29,026
Net effect of other charges for tax purposes	(50,374)	(51,078)	(8,546)
Remission of tax	(20,075)	-	(20,480)
	-	-	-

Derrimon was listed on the Junior Market of the Jamaican Stock Exchange on 17 December 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.During the second five (5) years, 50% of income taxes will be remitted by the Minister of Finance. To obtain the remission of income taxes, the following conditions should be adhered to over the period:

Derrimon remains listed for at least 15 years and is not suspended from the JSE for any breaches of the rules of the JSE

The Subscribed Participating Voting Share Capital of Derrimon does not exceed $500 million

The Derrimon has at least 50 Participating Voting Shareholders.

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

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

Derrimon's subsidiary, CFFL also benefits from tax remission as effective 2 October 2013, the Company's shares were listed on the Junior Market of the JSE and are is therefore not subject to income tax for the year ended 30 June 2017. The Company is entitled to a remission of income taxes for ten years in the following proportion:

Years 2014 – 2018 – 100% of standard rate
Years 2019 – 2023 – 50% of standard rate.

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

12. CAPITAL RESERVES

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Balance: 31 December	93,949	93,949	57,503

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Represented by:			
Surplus on revaluation of fixed assets: 2011	38,420	38,420	38,314
Surplus on revaluation of fixed assets: 2012	55,529	55,529	19,189
	93,949	93,949	57,503

13. INVESTMENT RESERVE

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Opening balance: 1 January	614	614	614
Increase in revaluation of investments	-	-	-
Closing balance: 31 December	614	614	614

14. EARNINGS PER STOCK UNIT

The calculation of earnings per ordinary stock unit is based on the Group's and Company net profit attributable to stockholders divided by the weighted average number of ordinary stock units of 273,336,067.

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Net profit attributable to stockholders	252,369	204,315	116,106
Weighted average number of ordinary stock units in issue	273,336	273,336	273,336
Basic earnings per ordinary stock unit	0.92	0.75	0.43

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

15. PROPERTY, PLANT AND EQUIPMENT

2017
The Group

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Lease hold Improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation							
1 January 2017	114,225	18,776	61,998	49,499	15,933	49,499	309,711
Additions	134,320	1,664	84	-	-	110,954	247,022
Disposals							
31 December 2017	248,545	20,440	62,082	49,499	15,933	160,453	556,952
Acc. Depreciation							
1 January 2017	68,477	13,481	24,246	6,851	3,353	1,6859	118,096
Charge for year	29,965	2,864	15,758	1,066	59	2,140	51,852
Disposals							
31 December 2017	98,825	16,461	40,004	7,917	3,413	3,825	169,945
Net book value							
31 December 2017	150,103	4,095	22,078	41,582	12,521	156,628	387,007

Derrimon Trading Company Limited
Notes to the Financial Statements
31 December 2017

15. PROPERTY, PLANT AND EQUIPMENT (continued)

2017
The Company

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Lease hold Improvements	Total
	$'000	$'000	$'000	$'000	$''000	$'000	$'000
Cost or valuation							
1 January 2017	141,958	13,803	51,023	49,499	12,520	15,732	284,535
Additions	132,279	1,612	84	-	-	110,308	244,283
Disposals	-	-	-	-	-	-	-
31 December 2017	274,234	15,415	51,107	49,499	12,520	126,040	528,818
Acc. Depreciation							
1 January 2017	65,551	11,046	23,332	6,851	-	1,627	108,407
Charge for year	30,048	2,283	13,471	1,066	-	1,986	48,854
Disposals	-	-	-	-	-	-	-
31 December 2017	95,599	13,329	36,803	7,917	-	3,613	157,261
Net book value							
31 December 2017	178,638	2,086	14,304	41,582	12,520	122,427	371,557

2016
The Company

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Lease hold Improvements	Total
	$	$	$	$	$	$	$
Cost or valuation							
1 January 2016	135,107	10,801	33,796	49,499	12,520	15,732	257,455
Additions	6,852	3,002	35,142	-	-	-	44,996
Disposals	-	-	(17,915)	-	-	-	(17,915)
31 December 2016	141,959	13,803	51,023	49,499	12,520	15,732	284,536
Acc. Depreciation							
1 January 2016	52,957	10,272	26,866	5,758	-	1,279	97,131
Charge for year	12,594	774	8,931	1,093	-	348	23,741
Disposals	-	-	(12,465)	-	-	-	(12,465)
31 December 2016	65,551	11,046	23,332	6,851	-	1,627	108,407
Net book value							
31 December 2016	76,406	2,756	27,691	42,648	12,520	14,105	176,130

16. INTANGIBLE ASSETS

	The Group 2017		The Company Goodwill	
	Product Formulations and Customer relationships $'000	Goodwill $'000	2017 $'000	2016 $'000
Cost-				
At 1 January 2017	-	15,220	15,220	15,220
Additions	-	18,000	18,000	-
Acquisition of business	256,523	33,220	33,220	
31 December 2017	256,523	33,220	33,220	15,220

During the year, the Group continued to use the name, *Sampars Cash and Carry* to brand six (6) of its retail outlets. The other supermarket, operated under the business name Select Grocers.

The Group determines whether goodwill is 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 cash-generating unit (CGU) to which the goodwill is allocated. 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.

After their computations and review, management is of the opinion, that there is no impairment in the total value of goodwill for each respective outlet (CGU) and therefore no write-down of the amount for goodwill is considered necessary at the reporting date.

17. INVENTORIES

	The Group	The Company	
	2017 $'000	2017 $'000	2016 $'000
Sampars wholesale outlets and Select Grocers; grocery and household items	400,643	400,643	481,938
Wholesale bulk commodity food items	309,952	309,952	423,887
Flavours and fragrances inventory	84,956	-	-
	795,551	710,595	905,826

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18. RECEIVABLES AND PREPAYMENTS

	The Group	The Company	
	2017	2017	2016
	$'000	$'000	$'000
Receivables			
Trade receivables	347,902	287,190	260,331
Provision for bad debts	(31,180)	(30,748)	(6,079)
	316,722	256,442	254,252
GCT recoverable	314,305	314,305	380,504
Staff advances	13,493	12,048	13,11
Other receivables	242,692	237,613	32,789
	887,212	820,408	680,661
Prepayments			
Advance payment on shares	-	-	105,206
Deposit on acquisition of new outlets	-	-	15,413
	-	-	120,619

The following are the trade receivables aging as of 31 December 2017 and 2016.

The Group
Past due but not impaired

Year	0-60 days $'000	60-90 days $'000	Over 90 days $'000	Total $'000
2017	439,388	5,417	50,715	495,521

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
2017	328,477	52,930	4,033	49,369	434,811
2016	181,661	7,698	5,092	65,878	260,331

Movement in provision for bad debts against trade receivables:

	The Group	The Company	
	2017 $'000	2017 $'000	2016 $'000
At the start of the year	-	6,079	6,079
Amounts provided for during the year	31,180	24,669	-
At the end of the year	31,180	30,748	6,079

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18. RECEIVABLES AND PREPAYMENTS (continued)

During the year, the Company wrote off $12,256,143 (2016- $13,252,868) to profit and loss after repeated attempts were made to collect long outstanding amounts. Management has deemed the current receivable balance to be collectible, as all doubtful amounts were written off during the year. All remaining doubtful balances over 90 days were reviewed and strategies and agreements implemented with debtors to help them liquidate their long outstanding balances with the Group.

19 RELATED PARTIES AND RELATED PARTIES TRANSACTIONS

Related party balances consist of the following:

(a) Due from related parties

	The Group	The Company	
Convenience Store:	2017 $.000	2017 $'000	2016 $'000
Opening balance:	834	834	14,535
Purchases during the year	11,959	11,959	8,869
Amounts repaid based on invoices	(5,485)	(5,485)	(22,570)
Balance at the end of the year	7,308	7,308	834

The Convenience Store is an entity owned by the Managing Director.

(b) Key management personnel

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

(c) Transactions with related parties

	The Group	The Company	
	2017 $'000	2017 $'000	2016 $'000
Remuneration paid to management staff	39,674	28,424	34,664
Remuneration paid to directors	39,674	28,424	34,664
Directors' loan received by the Company	-	-	25,000
Fees paid to directors	1,465	860	270

Due to/ (from) CFFL

	2017 $'000	2016 $'000
Credit risk exposures are as follows:		
Opening balance:	-	50
Amounts loaned during the year	201	-
Amounts repaid during the year	(201)	(50)
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.

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20. INVESTMENTS

	The Group	The Company	
	2017	2017	2016
Available-for-Sale:	$'000	$'000	$'000
Bonds	119,158	119,158	6,104,279
Bonds – (US$)	3,566	3,567	2,625,369
Quoted equities – at cost	1,636	1,637	3,448,104
Re-purchase agreement and private placement	-	-	-
Jamaica Money market brokers Limited(US$)	69,889	-	-
NCB Capital markets (US $)	47,725	-	-
Mayberry Structured: Corporate Paper (MSCP)	15,000	-	-
	256,976	124,362	12,177

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

21. CASH AND CASH EQUIVALENTS

	The Group	The Company	
	2017 $'000	2017 $'000	2016 $'000
Foreign currency bank accounts	88,485	12,508	5,516
Cash in hand and Jamaican dollar bank accounts	177,036	164,632	152,418
	265,521	177,140	157,934

The weighted average effective interest rate on Jamaican dollar and US dollar short term deposits was 3.8% (2016 – 4.5%) and 2.15% (2016 – 2.5%) respectively. These represent call deposits which are repayable on demand.

22. PAYABLES

	The Group	The Company	
	2017 $ $'000	2017 $ $'000	2016 $ $'000
Staff related payables	3,538	3,538	223
Foreign trade payables	56,353	51,232	49,597
Local payables and accruals	724,951	721,056	716,973
Statutory liabilities	6,193	4,649	5,240
	791,035	780,475	772,033

23. SHORT TERM LOANS

	The Group and The Company	
	2017 $ $'000	2016 $ $'000
Credit lines with various financial institutions	29,975	224,272
	29,975	224,272

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

24. NON –CONTROLLING INTEREST

	The Group
	2017
	$
	$'000
Non- controlling interest in subsidiary	171,107

Summarized financial information on subsidiary with material non-controlling interest

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

Summarised statement of financial position

	The Group
	2017
	$
	$'000
Current -	
Assets	377,961
Liabilities-	26,028
Non- current net assets	15,450
Net assets	365,162

Summarised comprehensive income

	The Group
	2017
	$
	$'000
Revenue	377,284
Cost of sales and total expenses before tax	225,114
Profit before tax	77,480
Dividends paid to non-controlling interest	14,298

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24. NON –CONTROLLING INTEREST (CONTINUED)

Summarised cash flows

	The Group
	2017
	$
	$'000
Cash generated from operations	62,271
Net cash generated from operating activities	
Net cash used in investing activities	(35,841)
Net cash (used in)/provided by financing activities	(32,982)
Net (decrease)/increase in cash and cash equivalents	(6,552)
Cash and cash equivalents at the beginning of the year	94,933
Cash and cash equivalents at the end of the year	88,381

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

25. BORROWINGS

	The Group	The Company	
	2017	2017	2016
	$	$	$
	$'000	$'000	$'000
i) 10% Proven Investments – US$ Loan	-	-	145,520
ii) 11.75% Private Placement Notes	511,754	511,754	198,094
iii) 8.49% Bank Of Nova Scotia	7,653	7,653	9,785
iv) 9.69% National Commercial Bank (NCB)	3,253	3,253	3,664
v) 10% First Global Bank (FGB)	4,280	4,280	5,562
vi) Director's loan	9,000	9,000	25,000
vii) 11.75% Redeemable Preference Shares	250,000	250,000	246,555
viii) 12% National Commercial Bank	2,558	2,558	19,537
ix) 8.25% Mayberry Loan	30,000	30,000	-
x) Mayberry credit line	178,623	178,623	-
xi) 11% National Commercial Bank	491	491	965
xii) 8.35%-10% First Global Bank	15,471	5,659	7,846
	1,013,083	1,003,271	646,968
Less current portion payable within 12 months	(258,766)	(256,527)	(30,901)
	754,317	746,744	615,593

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25. BORROWINGS (Continued)

i) The 10% Proven Investment Limited loan was repaid during the year.
ii) This 11.75% represents private placements through a financial institution. ,
iii) The 8.49% BNS loan was used to purchase a vehicle and is secured by the said vehicle. The monthly repayment is $177,735 and the final payment is scheduled for October 2022
iv) The 9.69% loan was used to purchase a Mazda Pick Up and is secured by the said vehicle. The loan is payable in monthly installments of $73,480, and the final payment is scheduled for June 2022.
v) The 10% FGB loan was utilized to purchase a motor car. The loan is repayable by monthly installment of $148,770 and the final payment is scheduled for September 2020.
vi) During the year, a director loan the company $9,000,000. The loan has now defined repayment or interest rate.
vii) The 11.75% Redeemable Preference shares were issued in March 2015 and are to be redeemed in full in March 2018. The funds raised were used to pay off the 17% NCB credit line along with certain Shareholder loans. The balance was used to buy foreign exchange and provide working capital support.
viii) The 12% loan was used to purchase a delivery van for Sampars West Street, and is secured by the said vehicle. The loan is payable by monthly installments of $50,693 and the final payment is scheduled for May 2020.
ix) The company obtained a loan from Mayberry of $30,000,000 at 8.25%. The loan matures within 12 months, at which time the principal is payable.
x) Mayberry credit line
xi) The 11% NCB loan was utilized to purchase a delivery van and is secured by the said vehicle. The loan is repayable by monthly installments of $41,921 and the final payment is scheduled for July 2017.
xii) The 8.25% - 10% FGB loans were used to purchase a delivery truck and a motor car and are secured by the said vehicles.

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

26. BANK OVERDRAFT

The Company

	The Group 2017 $'000	The Company 2017 $'000	The Company 2016 $'000
Reconciled bank balances	17,949	17,949	56,740
	17,949	17,949	56,740

Bank overdrafts are secured by real estate owned by the Company along with personal guarantee of directors.

27. SHARE CAPITAL

	Number of stock units	$ $'000
Issued and fully paid:		
At 1 and 31 December 2017	273,336,067	140,044

The total authorized number of ordinary shares is 400,400,000 shares (2016- 400,400,000). The stock units in 2017 and 2016 are stated in these financial statements without a nominal or par value.

28. OPERATING PROFIT BEFORE TAXATION

The following items have been charged in arriving at operating profit before taxation:

	The Group 2017 $'000	The Company 2017 $'000	The Company 2016 $'000
Auditors' remuneration	4,200	3,700	3,500
Directors' emoluments:			
Fees	1,465	860	270
Management remuneration	39,425	28,424	34,664
Bad debts written off	12,424	12,256	13,252
Inventory written off during the year	3,124	3,124	2,123
Depreciation	51,852	48,854	23,741
Staff costs (including management remuneration)	377,431	349,918	273,092

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.

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29. CAPITAL AND RISK MANAGEMENT (Continued)

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 returns for its stockholders 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 stockholders' equity.

Consistent with others in the industry, the Group monitors capital on the basis of 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.

During 2017, the Group's strategy, which was in principle unchanged from 2016, was to maintain the gearing ratio below 100%. The gearing ratios at 31 December 2017 and 31 December 2016 were as follows:

	The Group	The Company	
	31 Dec 2017 $'000	31 Dec 2017 $'000	31 Dec 2016 $'000
Total borrowings	1,013,083	1,003,271	703,234
Capital	1,906,578	1,847,604	1,267,702
Gearing ratio	53%	54%	55%

There are certain imposed capital requirements by certain financial institutions which management regularly reviews to ensure compliance at all times. There have been no 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.

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29. CAPITAL AND RISK MANAGEMENT (Continued)

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.

There has been no change to the Group's exposure to market risk or the manner in which 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 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 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.

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 2017, the Group had net foreign currency liabilities of US$1 Million which were subject to foreign exchange rate changes as follows:

29. CAPITAL AND RISK MANAGEMENT (Continued)

a) Market risk (Continued)

ii. Currency risk (continued)

Concentrations of currency risks

	The Group	The Company	
	2017 US'000 $	2017 US'000 $	2016 US'000 $
Foreign currency financial assets:			
Cash equivalents and investments	333,296	129,296	63,378
	333,296	129,296	63,378
Foreign currency financial liabilities:			
Payables and accruals	(448,419)	(443,290)	(386,151)
Short term loans	-	-	(1,390,711)
Borrowings	(889,676)	(889,676)	(1,132,988)
	(1,338,095)	(1,332,966)	(2,909,850)
Total net foreign currency liabilities	(1,004,799)	(1,203,670)	(2,846,472)

A significant portion of the Group's purchases are made using United States (US) dollars. The Group hedges against 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.

	2017 J$	2016 J$
31 December 2017: exchange rate 1US$	125.00	128.44

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% (2016-5%) weakening of the Jamaican dollar, with all other variables remaining constant, in particular interest rates, would result in a loss of approximately $6.2 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 $6.2Million.

Derrimon Trading Company Limited

29. CAPITAL AND RISK MANAGEMENT (Continued)

a) Market risk (Continued)

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. Due to the fact that 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.

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 stockholders' 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.

Derrimon Trading Company Limited

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 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 renewal of credit facilities.

Derrimon Trading Company Limited
Notes to the Financial Statements
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29. CAPITAL AND RISK MANAGEMENT (Continued)

b) Credit risk (Continued)

ii. Receivables (Continued)

Aging 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 2017, trade receivables of $116,378,162 (2016 - $106,333,778) were reviewed for impairment and a provision of $31,180,720 (2016 - $30,748,720) 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	
	2017	2017	2016
	$'000	$'000	$'000
Past due 31 to 60 days	61,627	52,930	7,698
Past due 61 to 90 days	4,034	4,033	5,092
Past due over 90 days	50,715	49,369	65,878
	116,378	106,333	78,669

Management, based on past experience, does not consider that any additional provision is required for long outstanding balances due to the Group or Company, especially those over 90 days

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	
	2017	2017	2016
	$'000	$'000	$'000
Supermarket chains	70,946	70,946	54,106
Wholesale and retail distributors	119,697	119,697	92,594
Government entities	8,793	8,793	2,840
Manufactures	60,711	-	-
Other	82,278	82,278	104,081
	342,425	281,714	253,623
Overseas	5,477	5,477	6,708
Total (see note 18)	347,902	287,191	260,331

Overseas customers mainly relate to customers in the United States and United Kingdom and represent approximately 1.6% (2016 - 2.6%) 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 year in the nature of the Group's 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 $705,564,144 (2016- $850,773,022) representing the balances as at 31 December 2017 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, 2017, the Company's three (3) largest credit suppliers amounted to approximately 25% (2016 - 32 %) of the total annual purchases of the Company for the year ended 31 December 2017. 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.

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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 contractual undiscounted payments which are due as follows:

Maturity Profile of the Group
2017

	Within 1 year	Within 1 to 5years	Over 5 years
	2017 $'000	2017 $'000	2017 $'000
Long-term loans	258,766	754,317	-
Short term loans	29,976	-	-
Bank overdraft	17,949	-	-
Payables and accruals	791,036	-	-
Total	1,097,727	754,317	-

Maturity Profile of the Company
2017

	Within 1 year		Within 1 to 5years		Over 5 years	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Long-term loans	256,527	33,706	746,744	620,639	-	-
Short term loans	29,975	224,272	-	-	-	-
Bank overdraft	17,949	56,740	-	-	-	-
Payables and accruals	780,475	772,033	-	-	-	-
Total	1,084,926	1,086,751	746,744	620,639	-	-

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

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 endeavors at all times to be ethical and adopts 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 loss. Management considers the Group's reputation secured as they ensure that events that may damage its reputation are immediately investigated and 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 2017. 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 regularly 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 2017, these instruments are quoted investment securities (Note 15) 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 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 amortised cost reflecting their contractual obligations and the interest rates reflective of current market rates for similar transactions.

31. COMMITMENTS

As at the date of the signing of the financial statements, there has not been any approval for any material committed capital expenditure. These financial statements do not include any provision for capital expenditure commitments.

32. 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 a payment will be made by the Group, and the amount can be reasonably estimated.

At the year end, the Group had no significant outstanding legal matters being pursued in the Courts. In addition, representations from the Managing Director along with the Group's attorneys indicated that they were not aware of any potential contingent liability that may negatively affect the Group.

33. SUBSEQUENT EVENTS

As at 28 February 2018, the date of approval and signing of these financial statements the directors reported that:

(i) At a meeting of the Board of Directors on 27 February 2018, notice was given to hold an Extraordinary General Meeting, scheduled for 6 March 2018, where the directors of Derrimon Trading Company Limited will ask the shareholders to consider increasing the authorized share capital of the Company from 400,400,000 shares to 800,400,000 shares by the creation of an additional 400,000,000 shares. In addition, the directors will also approach the shareholders to considering amending the Company's Articles of Incorporation to accommodate the increase in the authorized capital.

The Company's current 125 Million preference shares fall due on 12 March 2018 and the directors' desire is to roll over the preference shares by using the new issue to pay out those that fall due.

(ii) The Company's attorneys reported by letter dated 22 January 2018 as follows:

- There is a claim against the Company by an independent contractor for injury suffered while on Derrimon premises. The suit is being defended on the basis that the contractor did not heed warnings, and caused his own injuries. Mediation is being arranged to arrive at a settlement.
- There is a claim by the company against a customer who owed the Company approximately $19.2 Million. Judgment in default has been obtained against the customer.
- They are not aware of any other outstanding claims or guarantees of indebtedness to others of which their firm's advice has been sought.

(III) As at 31 December 2017, under the 2016 Income Tax (Amended) Act, as a result of the listing of both the Company and its subsidiary on the Junior Market of the Jamaican Stock Exchange, income tax remissions amounted to approximately 138 Million. Should the companies default on any of the Junior Market requirements of listing, the total income tax waived will crystallize and be immediately payable to Tax Administration Jamaica.

(IV) Subsequent to the year end, the Group entered into discussions with financial institutions to obtain a long term consolidating loan of approximate $650 Million which forms a part of its long term growth and financial strategy.

13. STATUTORY & GENERAL INFORMATION

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

13.1 (a) The Company has no founders or management or deferred shares.

(b) The Articles of Incorporation of the Company fix no 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 118, 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 77.

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 79.

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 89(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 89(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 91.

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 118.

(c) The names and descriptions of the Directors of the Company are set out in Section 8 of this Prospectus. The residential addresses of the Directors are as follows:

Name of Director	**Residential address**
Derrick Cotterell	6½ Lady Musgrave Road, Kingston 5, Saint Andrew
Monique Cotterell	6½ Lady Musgrave Road, Kingston 5, Saint Andrew
Ian Kelly	28 Seymour Avenue, Kingston 6, Saint Andrew
Earl Anthony Richards	Lot 874, Caymanas Estate Country Club, Saint Catherine
Winston Thomas	4 Rekadom Avenue, Kingston 10, Saint Andrew
Alexander I.E. Williams	12 Lakehurst Drive, Kingston 8, Saint Andrew
Tania Waldron-Gooden	Apartment #4, the Rockland Apartments, 7 Seaview Avenue Kingston 5
Paul Buchanan Jr	84 Golding Circle, Kingston 7, Saint Andrew.

13.2 (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$ 150,000,000. The Company also intends to pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed J$ 10 million (inclusive of brokerage fees, legal fees, auditor's and accounting fees, registrar fees, listing fees and General Consumption Tax).

13.3 (a) The Invitation will open for subscription at 9:00 a.m. on March 26, 2018 and will close at 4:30 pm on the Closing Date, April 9, 2018, 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 Shares offered under this Prospectus, or to extend the Closing Date subject to section 42 of the Companies Act 2004.

(b) The Subscription Price of J$2.00 per Share 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 Shares to the public within the two preceding years.

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

13.5 (a) As at December 31, 2017, being the latest practicable date prior to publication of this Prospectus, the Company held no trade investments, quoted investments (other than trade investments) nor any quoted investments (other than trade investments).

(b) Details of the Company's trademark, real property and business name are set out in Sub-Section 7.6 of this Prospectus. However, there is no amount for goodwill, patent, or trademarks shown in the financial statements of the Company and there is no contract for sale and purchase which would involve any goodwill, patent or trademark.

(c) As at December 31, 2017 being the latest practicable date prior to publication of this Prospectus, the aggregate amount of bank loans owing by the Company are J$ 29,975,000. The aggregate amount of overdrafts owing by the Company are J$ 17,949,000.

(d) No amount is currently recommended for distribution by way of dividend. The Company's dividend policy is described in Sub-Section 7.9.

13.6 No property has been or is currently proposed to be purchased or acquired by the Company, which is to be paid for wholly or partly out of the proceeds of this Invitation, and accordingly, paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act do not apply.

13.7 (a) Save as set out in paragraph (c) below, within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.

(b) The Company also intends to pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed J$ 10 million (inclusive of brokerage and financial advisory fees, legal fees, registrar's fees, initial listing fees, and GCT). See paragraph (c) below for further details.

(c) Within the last two years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter save for Mayberry Investments Limited who is entitled to receive a brokerage and listing agent's fee of 2.00% of the value of the total amount raised and accepted by the Company in the Invitation plus GCT, and recoupment of its disbursements.

13.8 The issue is not underwritten.

13.9 The material contracts of the Company are set out in Sub-Section 7.7

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

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

13.11 Mckenley & Associates have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditors' Report, and the complete audited financial statements of the Company for the financial year ended December 31, 2017, and their name in the form and context in which it is included.

13.12 The share capital of the Company consists of two classes of shares, namely Ordinary Shares and the 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, the subject of the Invitation, 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.

13.13 The Company was incorporated in Jamaica under the Act (or predecessor legislation) on 21 December 1998.

14. CONSENTS

14.1 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 accountants' report in the form and context in which it is included.

14.2 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.

15. DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the Invitation remains open for subscription for 2021 Preference Shares, the following documents will be available for inspection on any weekday from March 19, 2018 to the Closing Date being April 9, 2018 (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 31 December 2017 inclusive;

(d) the material contracts referred to in Sub-section 7.7; and

(e) the Articles of Incorporation of the Company.

16. DIRECTORS' SIGNATURES

Signed on behalf of Derrimon Trading Company Limited by its Directors on this the 14th day of March, 2018.

Signed: ____________ Derrick Cotterell	Signed: ____________ Monique Cotterell
Signed: ____________ Ian Kelly	Signed: ____________ Winston Thomas
Signed: ____________ Earl Anthony Richards	Signed: ____________ Alexander I.E. Williams
Signed: ____________ Tania Waldron–Gooden	Signed: ____________ Paul Buchanan Jr.

APPENDIX 1
SUBSCRIPTION FORM

Appendix 1 **Application Form** DERRIMON TRADING CO. LTD.

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: DERRIMON TRADING COMPANY LIMITED ("DTL" or the "The Company")

Re: In respect of up to 125,000,000 Fixed and Floating Cumulative Redeemable Preference Shares due 2021 at J$2.00 each being offered made pursuant to the Prospectus dated and registered on or around Tuesday, March 13, 2018. 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.

I/We hereby apply for ____ preference shares in Derrimon Trading Limited on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of J$2.00 each, and I/we attach my/our payment (*inclusive* of processing fees of J$163.10) for ____ or I/we request my broker to make payment on my/our behalf from cleared funds held by them in my / our names in account numbered ____, with them. I/We hereby instruct my/our broker to debit my/our account with the sum of J$ ____ for the purposes of my/our subscription of preference shares and processing fee as indicated above.

I/We agree to accept the same or any smaller number of Preference 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 the Company, by which I/we agree to be bound. I/We request you to sell and transfer to me/us the number of preference shares which may be allocated to me/us at the close of the said Invitation based on the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the preference shares that may be allocated to me/us to be credited to an account in my/our name(s) in the Jamaica Central Securities Depository (JCSD).

INSTRUCTIONS TO COMPLETING APPLICATION FORM: All fields are relevant and must be completed. Please indicate your JCSD account number here

JCSD ACCOUNT NUMBER ____ BROKER CODE ____

PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL) ____

PRIMARY HOLDER DETAILS

TITLE ____ TAXPAYER REGISTRATION NUMBER ____ CITIZENSHIP ____ NATIONALITY ____ CLIENT TYPE ____ ACCOUNT TYPE ____

OCCUPATION OR, IF EMPLOYED BY THE COMPANY PLEASE STATE YOUR POSITION, OR STATUS IF YOU ARE A PRIORITY SHARE APPLICANT ____

SIGNATURES:

INDIVIDUAL: ____ DATE SIGNATURE AFFIXED:

COMPANIES *(COMPANY SEAL OR STAMP REQUIRED)*:
DIRECTOR: ____ DIRECTOR/SECRETARY: ____ DATE SIGNATURES AFFIXED:

JOINT HOLDER INFORMATION

FIRST NAMED JOINT HOLDER ____

OCCUPATION ____ TAXPAYER REGISTRATION NUMBER ____ SIGNATURE ____

SECOND NAMED JOINT HOLDER ____

OCCUPATION ____ TAXPAYER REGISTRATION NUMBER ____ SIGNATURE ____

THIRD NAMED JOINT HOLDER ____

OCCUPATION ____ TAXPAYER REGISTRATION NUMBER ____ SIGNATURE ____

USE BY REGISTRAR ONLY
Form ID:
Batch #

ALL APPLICANTS MUST INDICATE THEIR TAXPAYER REGISTRATION NUMBER (TRN) OR OTHER EQUAL IDENTIFIER ON THE APPLICATION
ALL APPLICANTS ARE REQUIRED TO PAY J$163.10 NON-REFUNDABLE PROCESSING FEE PER APPLICATION SUBMITTED
THIS OFFER IS NOT MADE TO PERSONS RESIDENT OUTSIDE JAMAICA

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. All completed applications must be delivered to Mayberry Investments Limited ("Mayberry"), 1 1/2 Oxford Road, Kingston 5, Saint Andrew
2. Applications that are not from the Reserved Share pool must be for a minimum of *2,000* preference shares with incremental values of *1,000*shares. Applications in other denominations will **not** be processed or accepted.
3. All applicants must attach their payment for the specified number of Preference Shares they have applied for, in the form of either:
   A. A cheque made payable to "Mayberry Investments Limited"; or
   B. An authorization letter from the from the Applicant, instructing Mayberry to make payment from cleared funds held in an investment account in the Applicant's name at Mayberry; or
   C. Transfer in the Real Time Gross Settlement ("RTGS") system to Mayberry in the case of payments of J$1m or more
4. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder **must** sign the Application Form at the place indicated.
5. All Applicants must be at least 18 years old and must attach a certified copy of their T.R.N. card or Jamaican Driver's Licence displaying the T.R.N.
6. Preference Share Certificates will not be issued unless specifically requested through your broker. Instead, the preference shares allotted to a successful applicant will be credited to his account at the Jamaica Central Securities Depository ("JCSD"). If the applicant does not have a JCSD account, one will be created by your broker and the allotted preference shares deposited to that account. Applicants may refer to the notice posted on the JSE website (www.jamstockex.com) for instructions on confirming Share Allotments
7. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.
8. Requests for changes to contact information e.g. address, telephone numbers and email addresses etc. must be directed through your broker as customary.

THIS SECTION FOR USE BY BROKER ONLY

DATE APPLICATION RECEIVED: ______________________

TIME RECEIVED: ______________________

PAYMENT METHOD:

* MIL A/c #
* Bank Transfer/Deposit slip
* RTGS / Wire
* Cheque #

PAYMENT VALUE: ______________________

PAYMENT DATE: ______________________

POOL: ______________________

BROKER STAMP AND SIGNATURE:

MIL ADVISOR: ______________________

BRANCH: ______________________

APPENDIX 2
TERMS OF ISSUE

<u>Derrimon Trading Company Limited</u>
("Issuer")

Fixed and Floating Cumulative Redeemable Preference Shares due 2021
("2021 Preference Shares")

The preference shares shall be fixed and floating cumulative redeemable preference shares denominated as the "2021 Preference Shares". The 2021 Preference Shares shall be a separate class of preference shares for the purpose of the Articles of Incorporation and the Act. Each of the 2021 Preference Shares shall rank *pari passu* with each other in all respects and shall confer on the holders thereof the following rights and privileges and shall be subject to the following restrictions:

(1) <u>As to dividend income</u>:

The right to a preferential dividend at the Agreed Rate, payable to registered holders, subject to the Issuer having sufficient profits for that purpose in accordance with the Act. The first dividend payment will become due and payable on June 29, 2018. Thereafter the relevant preferential dividend will be due and payable quarterly in arrears on the final Business Day of September, December, March and June, except that the final dividend payment date shall be March 31, 2021 (the "Maturity Date"). The right to the preferential dividend is cumulative and any such dividend due to be paid and remaining unpaid shall remain due and owing until it is repaid in full.

All dividend payments shall be made in Jamaican dollars through the Registrar Transfer and Paying Agent on behalf of the Company, subject to any withholding taxes required to be held at source under Jamaican law (as applicable).

(2) <u>As to repayment of capital</u>:

The right on a winding up of the Company or other return of capital to repayment in Jamaican Dollars in priority to any payment to the holders of ordinary shares and *pari passu* with all other preference shares, of:

(a) any arrears or accruals of the preferential dividend that is due to be paid at the Agreed Rate whether declared or earned or not or calculated down to the date of such repayment; and

(b) return of the Invitation Price, in each case, as at the date fixed by the Board for the purposes of such repayment and in priority to any repayment of capital to the holders of the ordinary shares but to no further or other right to share in any surplus assets, of the Company on a winding up.

(3) <u>As to voting</u>:

Save as provided herein and in paragraph (4) below the 2021 Preference Shares shall NOT carry the right to vote at any general meeting of the Company EXCEPT:

(a) in circumstances where the dividend is due to be paid at the Agreed Rate and remains unpaid for a period greater than six (6) months; and/or

(b) in the event that a resolution to wind-up the Company has been tabled for consideration in accordance with the Act,

In the abovementioned events, every holder present in person or by proxy shall have one (1) vote, and on a poll every holder shall have one (1) vote for each 2021 Preference Share of which he is the holder.

(4) <u>As to further issues of preference shares</u>:

The Company may without any consent of the holders of 2021 Preference Shares create and issue further preference shares, the same to be converted into preference stock units either:

(a) ranking *pari passu* and identically in all respects and so as to form one class with the existing 2021 Preference Shares; and/or

(b) ranking *pari passu* therewith as regards priority in respect of income and/or capital but carrying a different rate of dividend or otherwise differing from the 2021 Preference Shares (and any other preference shares that the Company may have issued) so as to form a separate class, for the purposes of the Articles of Incorporation of the Company.

The rights attaching to the 2021 Preference Shares may not be varied either while the Company is a going concern, or during contemplation of a winding-up of the Company without the consent in writing of three-fourths (3/4) of the holders passed at a separate meeting of the holders.

In every such separate meeting all of the provisions of the Articles of Incorporation and the Act relating to such meetings of the Company or to proceedings thereat shall, mutatis mutandis apply, except that the necessary quorum shall be two (2) persons holding or representing by proxy five (5) per cent in nominal amount of the issued 2021 Preference Shares (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum). For the avoidance of doubt, at any such meeting every holder present in person or by proxy shall have one (1) vote, and on a poll every holder present in person or by proxy, shall have one (1) vote for each 2021 Preference Share of which he is the holder.

(5) <u>As to redemption</u>:

The 2021 Preference Shares shall be issued as cumulative redeemable preference shares and, subject to the provisions of the Articles of Incorporation and the Act and the terms and conditions set out in this paragraph (5), whole or partial redemption of the 2021 Preference Shares in issue shall be effected in the following manner:

<u>Mandatory Redemption</u>

On the Maturity Date at the Invitation Price.

Optional Redemption

The Company reserves the right to redeem the 2021 Preference Shares at any time prior to the Maturity Date at a price per share equivalent to the Invitation Price.

The holders of any Preference Shares that are to be redeemed shall have a right to the aggregate amount of any dividends accrued at the Agreed Rate up to the date of redemption and any cumulative dividends that are in arrears.

All redemption payments shall be made gross of any applicable fees and taxes (save for withholding taxes required to be held at source under Jamaican law), and brokerage fees and Jamaica Stock Exchange fees (as applicable).

General terms for Optional Redemptions:

Any circular or notice issued by the Company for the purposes of effecting Option Redemption under this paragraph (5) shall:

(i) fix the date, time and place for the redemption;

(ii) specify the number of 2021 Preference Shares to be redeemed;

(iii) provide instructions to the registered holders to deliver to the Company any certificates for cancellation (if applicable), or other evidence of ownership specified in the notice, provided always that the Company may in its sole discretion refuse to accept such evidence, or accept such substituted evidence as it considers reasonable for the purposes of redemption whether or not such substituted evidence is provided by the registered holder or is otherwise available to the Company;

(iv) in the case of a circular, be posted to the registered holders not less than twenty-one (21) and not more than thirty (30) days prior to the date of redemption, and in the case of a notice such notice shall also appear in a national newspaper in Jamaica at least twenty-one (21) days prior to the date of redemption;

(v) in the case of a proposed redemption of some but not all of the 2021 Preference Shares then in issue, the Company shall provide for redemption *pro rata*; and

(vi) provide for payment of any arrears of dividend calculated at the Agreed Rate up to a date fixed by the Company and set out in the circular or notice (as the case may be). On redemption, any dividends accrued at the Agreed Rate up to the date of redemption shall be paid. In the event that at the time for redemption the Company is permitted to redeem only some of the 2021 Preference Shares, it shall do so at such time and it shall redeem the remaining 2021 Preference Shares at any time in the sole discretion of the Company, subject always to these Terms of Issue and the Articles. On redemption of any 2021 Preference Shares, and subject always to the provisions of the Act and the Articles of Incorporation, such preference shares may be cancelled but shall be capable of re-issue as preference shares of the same or another class on such terms as the Board of Directors may determine.

(6) Other rights:

The Company undertakes for the benefit of the 2021 Preference Shareholders that, so long as any 2021 Preference Shares remain in issue the Company shall maintain its financial position such that:

1. The minimum EBITDA to Interest Expense Ratio is 1.5 times;
2. The minimum Net Operating Income to Total Debt Service Ratio is 1.2 times; and
3. The maximum Total Debt/Total Equity Ratio is 2.0 times.

(7) Conversion to preference stock units on the Issue Date:

As it is intended that the preference shares shall be converted to preference stock units shortly after or upon issuance, references to "2021 Preference Shares" shall be construed to mean on issue of the same, "2021 Preference Shares" and if converted to stock units to be construed to mean and apply to stock units mutatis mutandis.

(8) Definitions

References herein to:

"90-day WATBY" means the weighted average Treasury Bill Yield in respect of the offer of 90 day Government of Jamaica Treasury Bills closest to the relevant dividend payment date (the Company's (or such person as it shall delegate) determination of 90-day WATBY shall, in the absence of manifest error, be final and binding);

"Act" means the Companies Act, 2004 and any amendment thereto;

"Articles of Incorporation" the Articles of Incorporation of the Company as amended from time to time;

"Agreed Rate" means a Jamaican Dollar amount calculated on the Invitation Price of each 2021 Preference Share equivalent to:

(a) 9.0% per annum during Year 1 and Year 2; and

(b) 90 days WATBY + 2.50% per annum during Year 3,

for this purpose:

(i) "Year 1" shall be a period from the Issue Date to March 29, 2019;
(ii) "Year 2" shall be a period from March 30, 2019 to March 31, 2020 and
(iii) "Year 3" shall be a period from April 1, 2020 to the Maturity Date.

"Business Day" means 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;

"Company" means 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;

"EBITDA" means the sum of: (a) net income (excluding any extraordinary and non-operating income and expenses for the preceding twelve months) of the Company for such period plus (b) to the extent deducted in determining net income of the Company for such period, the aggregate amount of (i) Interest Expense, (ii) income tax expense (including accrued income tax), (iii) depreciation expense, and (iv) amortization expense;

"Interest Expense" means, in respect of any financial period of the Company, the sum of: (a) all interest in respect of Debt (including the interest component of any payments in respect of capitalised leases and any other continuing, regular or periodic payment in the nature of interest) accrued or capitalised during such period (whether or not actually paid during such period) plus (b) commissions and other fees payable as a proxy for interest on any loan or other credit facility granted to the Company at a stated rate of interest below prevailing market rate; plus (c) the net amount payable (or minus the net amount receivable) under interest rate hedge agreements;

"Invitation Price" means J$2.00 per 2021 Preference Share;

"Issue Date" means the date on which the 2021 Preference Shares are issued to successful applicants which will be no later than the date of listing;

"Maturity Date" means March 31, 2021;

"Net Operating Income" means total operating income less total operating expenses;

"Registrar, Transfer and Paying Agent" means the Jamaica Central Securities Depository Limited, a company incorporated under the laws of Jamaica with its registered office at 40 Harbour Street, Kingston, Jamaica;

"Total Debt" means the sum (without double counting) of: (a) all indebtedness of the Company for borrowed money; (b) all obligations of the Company for the deferred purchase price of property or services (other than trade payables with payment terms not greater than 180 days, not overdue by more than 60 days and incurred in the ordinary course of the Company's business); (c) all obligations of the Company evidenced by notes (including Notes issued hereunder), bonds, debentures or other similar instruments; (d) all obligations of the Company created or arising under any conditional sale or other title retention agreement with respect to property acquired by the Company (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (e) all obligations of the Company as lessee under finance leases; (f) all obligations of the Company under acceptances, letters of credit or similar facilities; (g) all contingent obligations of the Company; and (h) guarantees, indemnities or other assurances against financial loss in respect of the indebtedness and other payment obligations referred to in sub-paragraphs (a) through (g) above of another Person and "Debt" means any of the foregoing items;

Total Debt Service" means in respect of any financial period of the Company, the total of all principal, interest, penalties and other sums payable to the holders of Debt during such period and for the avoidance of doubt, "Debt" includes the portion of long term Debt payable during such period;

"Total Equity" means the sum (determined on a consolidated basis) of the share capital, share premium, fair value reserve, retained profits, capital reserves and capital redemption reserve (if any).