



NET PROFIT OF \$20.514

**Derrimon Trading Company Limited
Report to Stockholders
Three months ended March 31, 2015**

The Board of Directors is pleased to report the unaudited results of the Company for the three (3) months ended March 31, 2015.

Performance Highlights

Three months ended March 2015 compared with three months ended March 2014.

- **Net Profit of \$20.514M, representing a \$9.307M or 83.04% increase**
- **Earnings per Stock unit of \$0.08, increased from \$0.04**
- **Revenue of \$1,296.421B, a decrease of \$64.398M, or 4.73%**
- **Gross Profit of \$166.301M, an increase of \$24.156M, or 17%**
- **Share of Profit from Associated Company of \$8.359M**

The first quarter ending March 31, 2015 reflect revenue of \$1,296.421 billion representing a decrease of \$64.398 million or 4.73% below the \$1,360.819 reported for the March 2014 quarter. The slight reduction in revenue within the first quarter was directly attributed to the sluggishness of the general economy however, increased levels of activity within the retail segment of the business compensated for some of the year over year shortfall.

Gross profit reported for the period was \$166.301 million or 17% above the \$142.145 million reported for the similar period in 2014. This improvement is directly attributable to improved purchasing strategies along with the general improvement in the margin profile of the products within the business.

The share of profit for the quarter of \$8.359 million represent Derrimon's 49% share of Net Profit for the reported quarter of Caribbean Flavours and Fragrances Limited.

Operating expenses, which include both administrative and selling & distribution expenses, for the period was \$140.766 million, which represents a 9.42% or \$12.114 million increase over the \$128.651 million reported for the similar period in 2014. The major factors for the increase were higher cost for utilities, staff cost and contracted services. The continued expansion of the Sampars stores contributed had a direct relation with higher expenses.

Finance charges increased from \$14.894 million to \$18.878 million or by 26.74% for the quarter reported. This was driven by the carrying cost of the present debt stock which was not available in the first quarter of 2014 as well as other loans which will mature during the course of this financial year.

Net profit recorded for the first quarter was \$20.514 million representing a \$9.307 million increase over the corresponding period in 2014 when a net profit of \$11.208 million was recorded.

Total Assets less Current Liabilities stood at \$692.569 million which represents growth of \$127.423 million or 22.55% when compared to the similar period last year. This increase was mainly driven by the 49% investment in Caribbean Flavours and Fragrances Limited and growth in current assets, particularly receivables and inventory.

During the quarter under review, the Directors of Derrimon Trading Company Limited approved the acquisition of the assets of Nothern Cash and Carry as part of our strategy to expand the Sampars footprint at strategic locations around the country.

We thank our shareholders, employees and other stakeholders for their support as we continue our march to become a world class organization.



Derrick Cotterell
Chairman/Chief Executive Officer



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Derrimon Trading Company Ltd
Statement of Profit & Loss & Comprehensive Income
Three Months ended March 31, 2015

		Unaudited three months ended March 31,2015	Unaudited three months ended March 31,2014	Audited year ended December 31,2014
		Q1 <u>2015</u>	Q1 <u>2014</u>	<u>2014</u>
	Notes	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenue				
Trading income	3(h)	1,296,421,185	1,360,819,193	5,609,597,370
Cost of sales		1,130,120,112	1,218,673,938	4,983,191,683
Gross Profit		<u>166,301,073</u>	<u>142,145,255</u>	<u>626,405,687</u>
Other Income		5,497,484	12,608,541	48,324,016
		<u>171,798,557</u>	<u>154,753,796</u>	<u>674,729,703</u>
Less: Operating expenses:				
Administrative		119,052,459	104,375,145	471,832,595
Selling & distribution		21,713,065	24,276,547	113,751,327
		<u>140,765,523</u>	<u>128,651,692</u>	<u>585,583,922</u>
Operating profits before finance charges		31,033,033	26,102,104	89,145,781
Less : finance & policy charges		(18,877,500)	(14,894,429)	(45,594,810)
Share of profit of associated company	7 (b)	8,358,765	-	8,115,750
Profit before taxation		<u>20,514,299</u>	<u>11,207,675</u>	<u>51,666,721</u>
Taxation (Estimated)	4	-	-	(60,000)
Net Profit / (Loss)		<u>20,514,299</u>	<u>11,207,675</u>	<u>51,606,721</u>
Other comprehensive income		-	-	-
Reversal of deferred taxation				
Unrealised losses on available-for -sale investments		-	-	(40,000)
Total comprehensive income		<u>20,514,299</u>	<u>11,207,675</u>	<u>51,566,721</u>
Earnings per stock unit	5	0.08	0.04	0.19

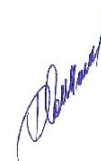
Derrimon Trading Company Ltd
Statement of Financial Position
Three Months ended March 31, 2015

	Notes	Unaudited March 31, 2015 Q1 <u>2015</u> S	Unaudited March 31, 2014 Q1 <u>2014</u> S	Audited December 31, 2014 <u>2014</u> S
ASSETS				
Non-current assets:				
Fixed Assets	3(f)	168,608,996	141,477,108	148,860,731
Goodwill		19,542,288	3,750,000	8,220,200
Investment in associate	7(a)	137,641,759	-	129,282,994
Current assets:				
Receivables		765,988,695	574,583,412	494,788,245
Inventories		589,202,221	385,668,043	604,678,070
Related parties		-	-	3,915,387
Investment		53,500,284	27,441,398	11,386,199
Cash & bank		28,109,781	32,609,964	49,634,757
		<u>1,436,800,980</u>	<u>1,020,302,817</u>	<u>1,164,402,658</u>
Current Liabilities:				
Payables		735,297,648	592,324,167	598,586,008
Bank overdraft		-	-	-
Loans		111,167,244	-	111,167,244
Current portion of long term loan		223,600,000	8,099,843	318,022,612
Taxation payable (Estimated)		-	-	0
		<u>1,070,064,893</u>	<u>600,424,010</u>	<u>1,027,775,864</u>
Net current assets		<u>366,736,088</u>	<u>419,878,807</u>	<u>136,626,794</u>
Total assets less current liabilities		<u>692,529,131</u>	<u>565,105,915</u>	<u>422,990,719</u>
EQUITY				
Issued capital		140,044,436	140,044,436	140,044,436
Accumulated profits		182,584,163	121,670,819	162,069,864
Capital Reserve		57,463,266	57,503,266	57,463,266
		<u>380,091,865</u>	<u>319,218,521</u>	<u>359,577,566</u>
Non Current Liability:				
Long term loans		12,538,977	240,998,196	13,514,864
Director's loans		49,898,289	4,889,198	49,898,289
Preference Shares		250,000,000	-	-
		<u>312,437,266</u>	<u>245,887,394</u>	<u>63,413,153</u>
Total equity and none-current liabilities		<u>692,529,131</u>	<u>565,105,915</u>	<u>422,990,719</u>

Approved on behalf of the Board



Executive Director



Chairman & CEO

Derrimon Trading Company Limited
Statement of Changes in Shareholders' Equity
Three months ended March 31, 2015

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Capital Reserves</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>		<u>\$</u>
Balance at 31 December 2013	140,044,436	110,463,143	57,503,266	308,010,845
Total comprehensive income		11,207,675		11,207,675
Balance at March 31, 2014.	140,044,436	121,670,818	57,503,266	319,218,520

	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Capital Reserves</u>	<u>Total</u>
Balance at 31 December 2014	140,044,436	162,069,864	57,463,266	359,577,566
Total comprehensive income		20,514,299		20,514,299
Balance at March 31, 2015	140,044,436	182,584,163	57,463,266	380,091,865

Derrimon Trading Company Limited
Statement of Cash flows
Three months ended March 31, 2015

Notes	Three Months ended March 31, 2015 \$	Three Months ended March 31, 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit/(loss)	20,514,299	11,207,676
Adjustments for:		
Deferred Tax	-	-
Prior Year Adjustment	-	-
Depreciation	3,131,432	4,784,197
Share of profit of associated company	(8,358,765)	-
	<u>15,286,966</u>	<u>15,991,873</u>
Changes in non-cash working capital components:-		
Decrease/(Increase):		
Receivables	(271,200,450)	(195,411,214)
Inventory	15,475,849	37,557,438
Related Company	3,915,387	6,860,583
GCT recoverable	-	-
Increase/(Decrease):		
Payables	136,711,640	1,831,699
Taxation	-	(13,685,664)
	<u>(115,097,573)</u>	<u>(162,847,158)</u>
Net funds provided by/(used in) operating activities	(99,810,608)	(146,855,285)
CASH FLOWS FROM INVESTING ACTIVITY:		
Goodwill	(11,322,088)	-
Investments	(42,114,085)	(8,365,042)
Acquisition of property, plant and equipment	(22,879,697)	(5,056,354)
Net cash used in investment activities	<u>(76,315,870)</u>	<u>(13,421,396)</u>
Financing activities:		
Loans received during the year	250,000,000	200,000,000
Loans repayments	(95,398,499)	(58,303,398)
Director's loan repayment	-	-
Net cash provided by financing activities	<u>154,601,502</u>	<u>141,696,602</u>
Net (decrease)/ increase in cash balances	<u>(21,524,976)</u>	<u>(18,580,079)</u>
Net cash balance at beginning of year	<u>49,634,757</u>	<u>51,190,043</u>
Net cash balance at end of year	<u>28,109,781</u>	<u>32,609,964</u>
Represented by:		
Cash & cash equivalents	28,109,781	32,609,964
Bank overdraft	-	-
Net cash and cash equivalents at end of period	<u>28,109,781</u>	<u>32,609,964</u>

Notes to the Unaudited Financial Statements

Three Months Ended March 31, 2015

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Derrimon Trading Company Limited (“the Company”) is a company limited by shares, incorporated and domiciled in Jamaica. Its registered office is located at 233 and 235 Marcus Garvey Drive, Kingston 11. The principal activity of the Company is distribution of bulk household food items inclusive of meat products. The Company also distributes branded products on behalf of a major global corporation. In 2009, the Company purchased the assets of a wholesale distribution company and continued to operate from its original location at 233 Marcus Garvey Drive, Kingston 11.

The Company maintained the entity’s trading name, Sampars Cash & Carry as well as its operating Outlets: Sampars Outlet Washington Boulevard at 8-10 Brome Close, Kingston 20; Sampars Outlet West Street at 60 ½ West Street, Kingston; Sampars Outlet Mandeville at 26 Hargreaves Avenue, Mandeville and Sampars Old Harbour at 3 Arscott Drive, Old Harbour, St. Catherine.

Effective December 17, 2013, the Company’s shares were listed on the Junior Market of the Jamaican Stock Exchange.

2. BASIS OF PREPARATION

a) Statement of Compliance

The financial statements of Derrimon Trading Company Limited have been prepared in accordance with and compliance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of certain financial assets. The same accounting policies and methods of computation are followed in the unaudited financial statements as were applied in the audited financial statements for the year ended December 31, 2014.

New Standards

IAS 1 (Amended)

Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012), amendments to revise the way other comprehensive income is presented .

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below:

Critical Accounting Estimates and Judgements in Applying Accounting Policies.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and have been consistently applied for all the years presented.

a) 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 Company 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.

b) Allowance for losses

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.

c) Basis of consolidation of divisional amounts

Transactions are eliminated on consolidation of divisional accounts. Inter-divisional transactions among the different business units and segments are undertaken at cost and there is no gain or loss on these transactions. Sales and receivables balances are eliminated at the end of the reporting period.

d) Comparative information

Comparative figures have been reclassified, where necessary, to conform to changes in presentation in the current year.

e) Segment reporting

A segment is a distinguishable component of the Company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments.

The business segments are distribution and the operation of a wholesale chain of outlets trading as Sampars Cash and Carry.

f) Valuation of property, plant and equipment

Items of property, plant and equipment are measured at cost, except for certain plant and equipment and freehold land and buildings which are measured at valuation, less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

The market value of freehold land and building is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction considering its existing condition and location. The market value of plant and equipment is estimated using depreciated replacement cost approach. Gains or losses arising from changes in market value are taken to capital reserve.

g) Depreciation

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is calculated on the straight line basis at such rates that will write off the carrying value of the assets over the period of their estimated useful lives. Each financial year, the depreciation methods, useful lives and residual values, although consistently applied are reassessed to ensure that the assets are fairly stated. Annual depreciation rates are as follows:

Furniture, fittings & fixtures	20%
Machinery & equipment	10%
Motor vehicle	20%
Computers	33 1/3%
Buildings Leasehold improvements	2.5%
Leasehold improvements	2.5%

Leasehold Improvement is amortized over period of lease.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the income statement.

Repairs and maintenance expenditure is charged to the income statement during the financial period in which they are incurred.

h) Revenue recognition

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

The Company 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 Company, where the significant risks and rewards of ownership have been transferred to the buyer and specific criteria have been met in relation to the Company'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.

Interest income, is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments.

Foreign currency translation

The financial statements are presented in the functional currency of the Company which is the Jamaican dollar. The Jamaican dollar is the currency of the primary economic environment in which the Company operates.

Transactions and balances

Foreign currencies are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from transactions at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Trade receivables

Trade receivables are carried at original invoice amounts less provision made for impairment of these receivables. The Company's policy is not to provide credit beyond thirty (30) days. If customers do not comply with the credit terms and limits, supplies are discontinued. A provision for impairment of these 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 transactions.

4. TAXATION

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on December 17, 2013. Consequently the Company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years:

Years 1 to 5 (December 18, 2013 - December 16, 2018) – 100%

Years 6 to 10 (December 17, 2018 - December 16, 2023) - 50%

5. EARNINGS PER STOCK UNIT

Earnings per stock unit are calculated by dividing the profit for the period by the weighted average number of shares in issue for the period.

6. SHARE CAPITAL

2015

2014

Authorised:

400,400,000 ordinary shares of no par value

Issued and fully paid:

273,336,067 (2013 – 1,000) shares net of

transaction costs

140,044,436

140,044,436

7. Investment in Associate

a) Investment at beginning of year	129,282,994	-
Share of results after tax	8,358,765	-

- b) In August 2014, the Company acquired 49% of Caribbean Flavours and Fragrances Limited (CFFL) a company incorporated in Jamaica and listed on the Junior Market of the Jamaica Stock Exchange. The Company participates in the financial and operating policy decisions but does not control CFFL.

The revenue and net profit reported by CFFL for the quarter ending March 31, 2015 was \$67,136 million and \$17.316 million.

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT**March 31, 2015**

Top (10) Stockholders	Number of Shares Held
Derrick Cotterell	110,000,000
Monique Cotterell	40,000,000
Monica Bell	40,000,000
Ian C. Kelly	15,743,459
Winston Thomas	13,363,979
Estate of E. Cotterell (Deceased)	10,000,000
Mayberry West Indies Limited	6,290,820
Manwei International Limited	5,500,000
Mayberry Managed Clients Account	5,153,096
Sharon Harvey-Wilson	1,958,179
Directors	
Derrick Cotterell	110,000,000
Monique Cotterell	40,000,000
Ian C. Kelly	15,743,459
Winston Thomas	13,363,979
Earl Anthony Richards	500,000
Alexander I. E. Williams	100,000

Senior Officers

Sheldon Simpson 245,000

Craig Robinson 243,848