



FosRich Electrical Sales
The Lighting World
Solar Energy

PROSPECTUS

FOR LISTING ON THE JUNIOR MARKET
OF THE JAMAICA STOCK EXCHANGE

This Prospectus is issued by FosRich Company Limited (the “Company”) and is dated 20 November 2017. A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act, 2004 and was so registered on 20 November 2017. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the FSC for the purposes of the registration of the Company as an issuer pursuant to section 26 of the Securities Act and the Company was so registered on 20 November 2017. The FSC has not approved the Shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence.



100,455,111 SHARES FOR SUBSCRIPTION PRICED AT \$ 2.00 PER SHARE

The Company invites Applications for subscription for up to 100,455,111 Shares in the Invitation, of which up to 90,385,000 Shares are Reserved Shares that are initially reserved for the following Applicants: the lead broker Stocks and Securities Limited (“SSL” and the “SSL Reserved Shares”), the stakeholders of the Company inclusive of key customers, suppliers and other supporters as determined in the sole discretion of the Directors (the “Key Partners” and the “Key Partners Reserved Shares”), and eligible Directors and staff of the Company (the “Company Applicants” and the “Company Reserved Shares”). See the table below for details.

All Shares in the Invitation inclusive of the Reserved Shares are priced at \$2.00 per Share. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them they will be available for subscription by the general public. See Section 6 of this Prospectus for full terms and conditions of the Invitation.

An Application is provided at the end of this Prospectus together with notes on how to complete it. The Invitation will open at 9:00 a.m. on the Opening Date, 4 December 2017. Application Forms submitted prior to the Opening Date may be made and will be received, but not processed until 9:00 a.m. on the Opening Date. The Invitation will close at 4:00 p.m. on the Closing Date, 11 December 2017 subject to the right of the Company to: (a) close the Invitation at any time after it opens at 9:00 a.m. on the Opening Date once Applications for all of the Shares; and (b) extend the Closing Date for any reason, provided that it does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange (“the JSE”) at www.jamstockex.com.

It is the intention of the Company to apply to list the Shares on the Junior Market of the JSE. This is not a guarantee that the Shares will be listed. The listing of the Shares is dependent on the following events: (i) the subscription of Shares valued at \$200 million or more in the Invitation; (ii) the making of the necessary application by the Company; and (iii) the criteria for admission to listing, as set out in the JSE Junior Market Rules. If the Invitation is not subscribed as aforesaid, or if the Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

SHARE CAPITAL

Authorised Shares	512,821,000 Shares
Issued Shares prior to the Invitation	401,820,444 Shares
<u>Maximum number of Shares to be issued in the Invitation</u>	<u>100,455,111 Shares</u>
Total number of Shares in issue following the Invitation	502,275,555 Shares

CONSIDERATION PAYABLE FOR SHARES IN THE INVITATION

SSL Reserved Shares: 50,000,000 Shares at \$2.00	\$ 100,000,000.00
Key Partners Reserved Shares: 20,385,000 Shares at \$2.00	\$ 40,770,000.00
Company Reserved Shares: 20,000,000 at \$2.00	\$ 40,000,000.00
<u>Shares for the general public: 10,070,111 at \$2.00</u>	<u>\$ 20,140,222.00</u>
TOTAL CONSIDERATION ASSUMING FULL SUBSCRIPTION	\$ 200,910,222.00

TABLE OF CONTENTS

		<u>Page</u>
Section 1	Important Disclaimers	3
Section 2	Summary of Key Information	4
Section 3	Company's Letter to Prospective Investors	5
Section 4	Definitions used in this Prospectus	7
Section 5	Disclaimer – Forward Looking Statements	9
Section 6	The Invitation	10
Section 7	Information about the Company	13
Section 8	Board of Directors	22
Section 9	Management Discussion and Analysis	26
Section 10	Financial Highlights	31
Section 11	Financial Information	37
Section 12	Risk Factors	65
Section 13	Professional Advisors to the Company	68
Section 14	Statutory and General Information	69
Section 15	Documents available for Inspection	72
Section 16	Signatures	73
Appendix 1	Application	74



SECTION 1: IMPORTANT DISCLAIMERS

RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus has been reviewed and approved by the Directors of the Company, whose names appear in Section 8 of this Prospectus. The Directors are both individually and collectively responsible for the information contained in it. To the best of the knowledge and belief of the 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 no information has been omitted which is likely to materially affect the import of information contained herein.

Each of the Directors of the Company has signed this Prospectus for the purposes of their responsibilities as described herein: see Section 16 for details.

CONTENTS OF THIS PROSPECTUS

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application. This Prospectus also contains summaries of certain documents, which the Directors of the Company believe are accurate. Prospective investors may wish to inspect the actual documents that are summarised, copies of which will be available for inspection as described in Section 15. Any summaries appearing in this Prospectus are qualified in their entirety by reference to the complete document.

Furthermore, the Company undertakes no obligation to update this Prospectus after the date of its issue, 20 November 2017. The results of operations, financial condition and/or prospects of the Company may change after the Prospectus is published.

UNAUTHORISED REPRESENTATIONS

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

INVITATION MADE IN JAMAICA ONLY

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica is prohibited by law.

APPLICATION TO SUBSCRIBE FOR SHARES

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for Shares in the Company. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for Shares, including but not limited to any tax implications. Each Applicant who submits an Application acknowledges and agrees that: (1) he/she has been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in section 6.4), 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; (2) no person connected with the Company has made any representation concerning the Company not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application.

SECTION 2: SUMMARY OF KEY INFORMATION

- ISSUER:** FosRich Company Limited.
- TOTAL SECURITIES:** 100,455,111 Shares, inclusive of up to 90,385,000 Reserved Shares (being 50,000,000 SSL Reserved Shares, 20,385,000 Key Partners Reserved Shares and 20,000,000 Company Reserved Shares). Any Reserved Shares not sold to the persons who are eligible to subscribe for them will be available for subscription by the general public.
- PRICING:** \$2.00 per Share payable in full on delivery of an Application plus a \$163.10 processing fee. All Applications must be accompanied by payment for the number of Shares specified, plus the \$163.10 processing fee.
- APPLICATION:** See Appendix 1 of this Prospectus.
- TERMS AND CONDITIONS:** See Section 6.4 of this Prospectus.
- PAYMENT METHODS:** See paragraph 8 of Section 6.4 for full details.
- TIMETABLE OF KEY DATES:**
- | | |
|---|--------------------------|
| Registration and Publication of Prospectus: | Monday 20 November 2017 |
| Opening Date: | Monday 4 December 2017 |
| Closing Date: | Monday 11 December 2017* |
- APPLICATION PROCEDURES:** Applications may be submitted prior to the Opening Date. Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis.
- CONFIRMATION OF BASIS OF SHARE ALLOTMENTS:** All Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) not later than 3 days after the Closing Date.
- REFUND CHEQUES:** Available for collection from SSL within 10 working days of the Closing Date.

ALLOTMENT AND LISTING: Within 3 to 4 weeks of the Closing Date.**

*The Invitation will close at 4:00 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens, once Applications for all Shares in the Invitation are received; and (b) extend the Closing Date for any reason, provided that it does not extend beyond the expiration of 40 days after the publication of this Prospectus for the purposes of section 48 of the Companies Act. In the case of an early closing of the Invitation, or an extension to the Closing Date, notice will be posted on the website of the JSE (www.jamstockex.com).

** It is the intention of the Company to apply to the Jamaica Stock Exchange to list the Shares on the Junior Market. This is not a guarantee that the Shares will be listed. The listing of the Shares is dependent on the following events: (i) the subscription of Shares valued at \$200 million or more in the Invitation; (ii) the making of the necessary application by the Company; and (iii) the criteria for admission to listing, as set out in the JSE Junior Market Rules. If the Invitation is not subscribed as aforesaid, or if the Shares are not listed on the Junior Market, the Company will refund all payments it has received from Applicants.

SECTION 3: COMPANY'S LETTER TO PROSPECTIVE

20 November 2017

DEAR PROSPECTIVE INVESTORS,

The Board of FosRich Company Limited is pleased to invite you to apply for up to 100,455,111 Shares in the capital of the Company on the terms set out in this Prospectus.

ABOUT THE COMPANY

The Company is a distributor of lighting, electrical and solar energy products. The Company aims to differentiate itself from its competitors in the Jamaican marketplace by providing a quality and cost-effective service, and by collaborating with clients on technical solutions. The Company is particularly proud to have partnered with large global names seeking local distribution such as Philips Lighting, Victron Energy, Siemens, NEXANS and General Electric (GE).

The Company was established in 1993 with 3 employees, and it now has a staff complement of 84 persons across 7 locations in Kingston, Mandeville, and Montego Bay. The Company also has a team of 7 energy and electrical engineers who offer technical advice and install solar water heaters and electrical panel boards.

The Company operates 3 principal business divisions:

FosRich Electrical

This division provides boxes, panels, Steel Wire Armoured (SWA) cables, wires, wiring devices, bulbs, contactors, breakers, switches and similar apparatus, to both retail and commercial customers. The Company also provides and is seeking to increase its share of industrial products that are used to build hotels, bauxite plants, factories, housing developments through its partnership with international electrical brands like SIEMENS AG with circuit breakers and panel boards and NEXANS with Steel Wired Armoured and fire resistant cables that are used in public and high rise buildings.

FosRich Lighting

FosRich Lighting World was launched in 2010 with a goal of providing Jamaican consumers with the option of buying quality and cost-efficient products locally rather than from abroad. The Company supplies a wide range of products including but not limited to ceiling lighting, standing lighting, outdoor lighting, fans and electrical supplies. The Company is particularly proud to have partnered with the Urban Development Corporation to re-light Sabina Park stadium, part of a US\$2.7 million lighting renovation project sponsored by the Government of India and Jamaica's Tourism Enhancement Fund.

FosRich Energy

The Energy Division was launched in July 2011 and has technical staff with expertise in Electrical and Alternative energy along with certified Professional Engineers. The division is able to service residential projects as well as more complex corporate and industrial projects. It also provides services to government entities and is well known for partnering with Jamaica Public Service Company (JPSCo) and Philips Lighting on the Smart LED street lighting replacement project, which is being rolled out in phases. The smart street lights are the first phase of several technologies that will be deployed to make New Kingston one of the first smart cities in the Caribbean. The smart streetlight initiative is one of Jamaica's largest energy efficiency projects and will be rolled-out from 2017-2020. Earlier this year, JPSCo announced that the Company along with Philips Lighting, is a preferred bidder for the second phase of the national street lighting replacement project.

ABOUT THE INVITATION

The Company is now seeking to raise \$200,910,222 by inviting Applications for up to 100,455,111 Shares in the Invitation. Up to 90,385,000 Shares are Reserved Shares for priority application from, and subscription by, SSL (as to 50,000,000 SSL Reserved Shares), Key Partners (as to 20,385,000 Key Partners Reserved Shares) and eligible Directors, senior managers and employees (as to 20,000,000 Company Reserved Shares). All Shares inclusive of Reserved Shares are priced at the Invitation Price of \$2.00 each.

USE OF PROCEEDS

The Board intends to use the proceeds of the Invitation for the following purposes:

- Expansion of the capacity of the Company to provide electrical and energy solutions to its customers and in particular, industrial products
- Repayment of a portion of the existing financing
- Payment of the expenses of the Invitation, which the Directors believe will not exceed \$13.5 million (inclusive of brokerage fees, legal fees, accountant's fees, Registrar's fees, filing fees, initial listing fees, marketing expenses, and GCT).

DIVIDEND POLICY

If the Invitation is successful and the Shares are admitted to listing on the Junior Market, the Board expects to distribute not less than 25% after-tax earnings to shareholders in the form of cash dividends.

HOW TO MAKE AN APPLICATION FOR SHARES

Prospective Applicants who are interested in subscribing for Shares should read this Prospectus in its entirety and the full terms and conditions of the Invitation set out in Section 6.4, and then complete the Application set out in Appendix 1.

ON BEHALF OF THE BOARD OF FOSRICH COMPANY LIMITED

Yours sincerely



Cecil Foster, Managing Director

SECTION 4: DEFINITIONS USED IN THIS PROSPECTUS

TERM	MEANING
Act	means the Companies Act, 2004
Allotment	means the allotment of the Shares in the Invitation to successful Applicants by the Company
Applicant(s)	means a person (being an individual or a body corporate resident in Jamaica, whether a Reserved Share Applicant or a member of the general public) who submits an Application
Application(s)	means the form of application to be used by all Applicants who wish to make an offer to subscribe for Shares in the Invitation, which is set out in Appendix 1
Articles of Incorporation	means the Articles of Incorporation of the Company adopted by the shareholders of the Company on 17 November 2017, together with any amendments thereto
Audited Financial Information	means the audited financial information set out in Part 1 of Section 11, inclusive of: (1) the comparative table of extracts from the audited financial information of the Company for the years ending 31 December 2012 to 2016 inclusive, and (2) the audited annual accounts of the Company for the year ended 31 December 2016
Auditor	means the former auditor of the Company Yvonne Davis, Chartered Accountant of 13 North Avenue, Kingston 5, the independent external auditor of the Company who has given the Auditor's Report
Auditor's Report	means the independent report of the Auditor set out in Section 11 in relation to the Audited Financial Information
Board	means the Board of Directors of the Company
Company	means FosRich Company Limited, a company incorporated in Jamaica (number 45963) with its registered office at 79 Molyne Road, Kingston 10, Saint Andrew
Company Applicant(s)	means Directors and staff of the Company (excluding the Founders and their connected persons)
Company Reserved Share(s)	Means 20,000,000 Shares in the invitation that are initially reserved for applications from, and subscription by the Company Applicants at the Invitation Price
Closing Date	means the date on which the Invitation closes, being Monday 11 December 2017 at 4:00 p.m., subject to the right of the Company to shorten or extend the Closing Date in the circumstances described in this Prospectus
Director(s)	means a director of the Board of the Company whose name and details are set out in Section 8 of this Prospectus
Forward Looking Statement(s)	means the forward-looking statements referred to in Section 5 of this Prospectus which are disclaimed by the Company on the terms and for the reasons set out therein
Founders	means Cecil Foster and Marion Foster

FSC	means the Financial Services Commission of Jamaica of 39 Barbados Avenue, Kingston 5, Jamaica
Financial Information	means the Audited Financial Information and the Unaudited Financial Information
GCT	means General Consumption Tax charged in accordance with the General Consumption Tax Act of Jamaica
Invitation	means the invitation to subscribe for 100,455,111 Shares made by the Company to prospective investors inclusive of the Reserved Share Applicants, on the terms and conditions set out in this Prospectus
Invitation Price	means \$2.00 per Share or Reserved Share (as the case may be)
JCSD	means the Jamaica Central Securities Depository, a company incorporated in Jamaica (number 58658) with its registered and principal office at 40 Harbour Street, Kingston, Jamaica
JSE	means the Jamaica Stock Exchange
Junior Market	means the Junior Market trading platform of the JSE established April 2009
Key Partners	means key customers and other stakeholders and supporters of the Company as determined by the Directors in their sole discretion
Key Partners Reserved Shares	means up to 20,385,000 Shares in the Invitation that are reserved for priority application from, and subscription by, the Key Partners at the Invitation Price
Opening Date	means the date on which the Invitation opens, being 9:00 a.m. on Monday 4 December 2017
Prospectus	means this document dated Monday 20 November 2017 which constitutes a prospectus for the purposes of the Companies Act, 2004 and the Securities Act
Registrar	means JCSD
Reserved Share(s)	means the Company Reserved Shares and/or the Key Partners Reserved Shares and/or the SSL Reserved Shares
SSL	means Stocks and Securities Limited of 33½ Hope Road, Kingston 10, St. Andrew, the lead broker to the Company in the Invitation
SSL Reserved Shares	means up to 50,000,000 Shares in the Invitation that are reserved for priority application from, and subscription by, SSL and its employees and clients, at the Invitation Price
Share(s)	means the ordinary shares in the capital of the Company inclusive of the 100,455,111 Shares in the Invitation and the expression “Shares” shall include Reserved Shares and/or stock units as the context shall require
Shareholder(s)	means holders of the Shares
Staff	means senior manager, employees and certain contractors
Terms and Conditions	means the terms and conditions of the Invitation set out in Section 6.4 of this Prospectus
Unaudited Financial Information	means the management accounts of the Company for the period from 1 January 2017 to 31 September 2017 as set out in Part 2 of Section 11
\$	means the Jamaican dollar unless otherwise indicated

SECTION 5: DISCLAIMER – FORWARD LOOKING

Certain matters discussed in this Prospectus, including the Projected Financial Information, contains forward-looking statements which include but may not be limited to statements of expectations, future plans or future prospects, and and/or financial projections.

Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made, taking into account any assumptions set out in this Prospectus for that purpose. Although the Directors believe 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.

When used in this Prospectus, the words "anticipates", "believes", "expects", "intends", "considers", "pro forma", "forecast", "projection" and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Shares to listing on the Junior Market of the JSE, 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:

- economic, social and other conditions prevailing both within and outside of Jamaica, including actual rates of growth of the Jamaican and CARICOM regional economies, instability and volatility in domestic interest rates and regional and international exchange rates
- adverse climatic events and natural disasters
- unfavourable market receptiveness to the Company's products, or any new products
- changes in any legislation or policy affecting the regulation of the Company that have adverse effects on the business of the Company
- any other factor negatively impacting on the realisation of the assumptions on which the Company's Projected Financial Info are based
- other factors identified in this Prospectus
- factors as yet unknown to the Company

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 this Prospectus.

SECTION 6: THE INVITATION

6.1 GENERAL INFORMATION

Prospective investors should read this Prospectus carefully. Those prospective investors who wish to subscribe for Shares should review the full terms and conditions of the Invitation set out in Section 6.4 before completing the Application set out in Appendix 1.

The Company invites Applications for up to 100,455,111 Shares in the Invitation. Of those Shares, up to 90,385,000 Shares are Reserved Shares. All Shares in the Invitation inclusive of the Reserved Shares are priced at \$2.00 per Share. If any of the Reserved Shares in any category are not subscribed by the persons entitled to them they will be available for subscription by the other Reserved Share Applicants and thereafter, by the general public.

The Invitation will open at 9:00 a.m. on the Opening Date, Monday 4 December 2017 and will close at 4:00 p.m. on the Closing Date, Monday 11 December 2017 subject to the right of the Company to: (a) close the subscription list at any time after 9:00 a.m. on the Opening Date once Applications for all of the Shares in the Invitation are received, and (b) extend the Closing Date for any reason, provided that it does not extend beyond the expiration of 40 days after the publication of this prospectus for the purposes of section 48 of the Companies Act. In either case an informational notice will be posted on the website of the JSE - www.jamstockex.com

6.2 MINIMUM FUNDRAISING

For the purposes of the requirement for disclosure set out in section 48 of the Act, the minimum amount which, in the opinion of the Directors, must be received by the Company in order to provide for the matters set out in paragraph two of the Third Schedule to the Act is \$200 million.

6.3 USE OF PROCEEDS

The Company seeks to raise \$200,910,222 by inviting Applications for subscription for up to 100,455,111 new Shares from prospective investors and the Reserved Share Applicants. The Board intends to use the proceeds of the Invitation in order to expand the capacity of the Company to provide electrical and energy solutions to its customers and in particular, to expand its ability to provide industrial products. The Company will also pay down existing financing, and pay the expenses of the Invitation, which the Directors believe will not exceed \$13.5 million (inclusive of brokerage fees, legal fees, accountant's fees, Registrar's fees, filing fees, initial listing fees, marketing expenses, and GCT) after payment of related expenses.

6.4 TERMS AND CONDITIONS FOR ALL APPLICANTS

1. Status and Minimum Age of Applicants

Applicants must be at least 18 years old.

2. Application Form

All Applicants (whether Reserved Share Applicants, or members of the general public) must submit the Application provided at Appendix 1 to this Prospectus. Additionally, Reserved Share Applicants must specify their status on the Application and provide reasonably verifiable proof of their identity.

Applicants who are exempt from the payment of withholding tax on dividends received should so specify in their Application and provide evidence of same to the satisfaction of the Registrar.

3. Reserved Shares

Up to 90,385,000 Shares are designated as Reserved Shares for priority application from, and allotment to, the following persons:

- SSL (as to 50,000,000 SSL Reserved Shares)

- Key Partners (as to 20,385,000 Key Partners Reserved Shares)
- Company Applicants (as to 20,000,000 Company Reserved Shares)

All Reserved Shares will be allotted on a “first come first serve basis” by the Directors, acting in their sole discretion. Any Reserved Shares not applied for in any category will become available for subscription by the general public.

4. Acceptance of Terms and Conditions by Applicants

All Applicants will be deemed to have accepted the terms and conditions of the Invitation and any other terms and conditions set out in this Prospectus, including any terms and conditions set out in this Section 6 and the Application in Appendix 1.

5. Further Acknowledgments by Applicants

Each Applicant further acknowledges and agrees that:

- he/she has been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 6.4), 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;
- he/she has not relied on any person other than the Company and the Directors, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection with his/her investigation of the accuracy of such information or his/her investment decision;
- no person connected with the Company has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application; and
- he/she has made his/her own assessment of the Company, and the merits and risks of subscribing for Shares, inclusive of taking advice (or waiving the need for such advice) in relation on the financial and legal implications of subscribing for Shares and the tax implications thereof.

6. Minimum Application

Applications from the general public must request a minimum of 5000 Shares and be made in multiples of 1000. Applications in other denominations will not be processed or accepted.

7. Share Price and Processing Fee Information

All Shares inclusive of Reserved Shares are priced at the Invitation Price of \$2.00 per Share.

A processing fee of \$163.10 per Application payable to the Registrar of the Company JCSD applies and is also payable by each Applicant – Applicants should remember to include the processing fee in their calculations of amounts payable to the Company.

8. How to Make Payments

All Applications must be accompanied by the appropriate payment in the form of either:

- a manager's cheque made payable to “Stocks and Securities Limited”, or
- authorisation from the Applicant on the Application, instructing SSL to make payment from cleared funds held in an investment account in the Applicant's name at SSL, or
- transfer in the Real Time Gross Settlement (“RTGS”) system to SSL, in the case of payments of \$1 million or more.

All completed Applications must be delivered to SSL at 33 ½ Hope Road, Kingston 10, St. Andrew.

9. Early Applications and Order of Processing of Applications

Applications submitted to SSL in advance of the Opening Date will be received and checked for completeness, but not processed. All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date, Monday 4 December 2017. All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).

10. Company's Discretions as to Acceptance of Applications and Allotment of Shares

The Company may:

- (a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors or agents shall be required to provide reasons for decisions or be liable to any Applicant or any other person for doing so;
- (b) allot Shares to Applicants on a basis to be determined by it in its sole discretion, including on a *pro rata* basis in the event the Invitation is oversubscribed; and
- (c) treat multiple Applications by any person (whether in individual or joint names) as a single Application.

11. When Binding Contract is Formed

Neither the submission of an Application 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 Shares by the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares, subject to the Articles of Incorporation of the Company and the terms and conditions set out in this Section 6.4 and the Prospectus generally.

12. When Invitation is Successful

If the Invitation is successful in raising at least \$200 million and the Shares are admitted to trade on the Junior Market, Applicants will be allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Applications. Applicants may refer to the notice that will be posted on the website of the JSE (www.jamstockex.com) after the Closing Date (or the shortened or extended Closing Date, as the case may be). Applicants who wish to receive share certificates must make a specific request to the Registrar. In the event that Company does not raise at least \$200 million and/or the Shares are not admitted to trading on the on the Junior Market, all payments for Shares received from Applicants will be returned or refunded to the persons making them. Please note that the Company does not guarantee admission of the Shares to the Junior Market.

13. Refunds

The Company will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, to SSL within 10 working days after the Closing Date (or the shortened or extended Closing Date, as the case may be) or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to SSL for collection by the Applicant (or the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so. Please note that the JCSD processing fee of \$163.10 will not be refunded to an Applicant in the event that the Company refunds payments received for Shares.

SECTION 7: INFORMATION ABOUT THE COMPANY

7.1 History

The Company was incorporated on 6 April 1993 with 3 employees. Since that time, it has grown to become a major Jamaican wholesaler and retailer of a wide range of electrical, lighting and energy products, with a staff complement of approximately 84 individuals at the current time.

7.2 Overview of Operations

(1) **Personnel**

FosRich currently employs a total of 84 persons. The Company's staff is diverse in their areas of expertise, ranging from qualified engineers with expertise in electrical and alternative energy to drivers, salespersons, warehouse clerks.

The Kingston head office is located at 77-79 Molyne's Road and it currently employs 62 team members. The Montego Bay offices employ 14 team members across 2 locations and the Mandeville office has a complement of 8 team members.

(2) **Locations**

The Company boasts a customer base of over 2,300 credit customers and over 180,000 cash customers across the island, highlighting its good market presence within the electrical and lighting business industry in Jamaica. It operates from 7 locations island – wide in order to service these customers as follows:

Kingston

The Company opened its doors on 77-79 Molyne's Road on November 12, 1993 and it has operated at its flagship location there for over 24 years. The same location serves as the Company's headquarters and comprises a 25,000 square foot area including warehouse and office space and showrooms.

The Company recently acquired a long-term lease of a 3-acre property with approximately 20,000 square feet of building space at 76 Molyne's Road. The Directors consider that the Company has a strategic opportunity to grow its complex commercial and industrial services in new dedication location, as part of its distribution partnership with Siemens AG.

The Company also has over 120,000 square feet of warehouse space at 8a & 8b Marverly Avenue, and an additional warehouse facility at 14 Burley Avenue, where its fleet of delivery vehicles support quick and efficient service delivery to its customers which is one of the Company's key hallmarks.

Montego Bay

As its customer base grew, the Company expanded its physical presence and in 2013 extended its footprint from Kingston to Montego Bay, to the Fairview Office Complex. Later that same year, the Company opened another electrical and lighting store at 3 Cottage Road. There is now 18,000 square feet of space across the 2 locations including 1,000 square feet of office and showroom space and a 11,800-square foot warehousing facility from where the 14 person Montego Bay team serves customers on the western side of the island, making deliveries to Trelawny, St. James, Hanover and Westmoreland.

Mandeville

More recently, in an effort to bolster its operations in the southern regions of Jamaica, the Company established the Mandeville FosRich Lifestyle Store, with 20,000 square feet of retail and warehouse space. From the new space, the Company is able to service customers within a few hours of their placing of an order.

(3) Divisions

The Company operates 3 principal business divisions:

Division	Products and Services
FosRich Electrical	<p>Products: boxes, panels, wires and wiring devices, bulbs, contractors, breakers, switches and similar apparatus.</p> <p>Services: residential and industrial electrical device installation and support services.</p> <hr/> <p>The electrical division of the Company currently drives approximately 61% of its gross revenues and forms a major part of the business' strategy for the future. The Company has invested in developing a team of 7 in-house electricians and engineers that can design electrical installations or provide support for the purposes of existing projects based on technical drawings. The Company also entered into a distribution agreement with Siemens AG earlier this year, which aims to bolster the technical experience of this division and its product offerings of panel boards, switchgears and transformers, circuit breakers and automation equipment.</p>
FosRich Lighting	<p>Products: chandeliers, hanging and standing lamps, bulbs, other home lighting needs.</p> <p>Services: residential and industrial lighting installation.</p> <hr/> <p>The Company created a division called The Lighting World in 2010. This division focuses on providing quality and affordable lighting products to retail and commercial customers. The creation of a lighting and electrical store made the Company's operations more visible to the public. The Company now operates Lighting World stores in Kingston (Molynes Road), Mandeville, and Montego Bay (Cottage Road and Fairview) to service the needs of walk-in and project – based customers nationwide. The Directors consider that the Lighting World stores are strategically located to serve communities with growing needs.</p>
FosRich Energy	<p>Products: Solar water heaters, solar photo voltaic panel systems, solar and LED energy efficient lighting systems inclusive of smart street lighting systems, and induction lighting systems that are suitable for use in both indoor and outdoor conditions.</p> <p>Services: residential and commercial renewable energy installation and support</p>

	<p>services.</p> <hr/> <p>The Company turned its attention to the growing demand for renewable energy products locally. In 2011, the Company's FosRich Energy division was conceptualised with the slogan "Making solar work for you". This division now contributes over 20% of the Company's gross revenue.</p> <p>The Company's staff provide free site visits and lighting audits to customers, which assist them to make better informed decisions on their partial or full use solar powered systems. The energy division's staff is comprised of qualified engineers with expertise in electrical and alternative energy making up the technical staffing. The division is able to tackle both residential and larger electrical and energy projects.</p>
--	--

(4) **Some of the Company's notable projects**

PARTNERSHIPS TO HELP HOMEOWNERS GO GREEN

The Company partners with financial institutions offering flexible financing for home based renewable energy solutions. The Company, in conjunction with the Development Bank of Jamaica and First Global Bank Limited, provides home owners with flexible, collateral free financing of up to \$10 million to 'solarise' their homes. The Company also partners with Jamaica National Building Society and the National Housing Trust, which provides eligible renewable energy financing customers a bonus of 5% of their financing amount.

The Company is also currently rolling out hire purchase programs for alternative energy products inclusive of solar water heaters, Light Emitting Diode (LED) retro-fitted systems, and solar systems.

SUPPLIER TO GORE HOMES' DEVELOPMENTS

For the last 4 years, the Company has supplied electrical material to several Gore Development projects. To date the Company has supplied electrical material for approximately 5,000 Gore Development homes across the island. Currently, the Company is supplying 3000 homes for the Gore project in Portmore.

SABINA PARK CRICKET STADIUM PROJECT

In 2014, the Company in partnership with Philips Lighting successfully tendered to supply flood lights at Kingston's Sabina Park stadium. The Company worked as the local contractor, while Phillips Lighting supplied the design specifications that were used to deliver the project on time and within budget. The US\$2.7 million project was funded by the Government of India in partnership with the Jamaica Tourism Enhancement Fund.

JPS SMART LED STREET LIGHT PROJECT

The Company successfully supplied The Jamaica Public Service Company Limited (JPSCo) with Light-Emitting Diode (LED) energy saving "smart" streetlights in Phase One of the Smart Led Street Light Project. This Project will aim to install a total of approximately 110,000 energy saving street lamps across the island under a 3-year programme. Phase One of the programme has now been completed by the Company in partnership with Philips Lighting, and involved the supply of 10,000 street lights, with an additional order of 1,500 street lights still to be supplied. The Company and Philips Lighting have tendered a response to the JPS proposal to supply Phase 2 of the programme, and they were identified as preferred bidders earlier in 2017. The tender process and bid selection is expected to be finished by the end of this calendar year.

OTHER PROJECTS

The Company retro-fitted and improved the electrical systems of 5 LIME offices in Grenada, Barbados, St. Kitts, Cayman and Jamaica. The Company also retro-fitted and improved the entire RJR Limited broadcasting complex and the Bank of Jamaica building, each in Kingston.

7.3 APPLICABLE REGULATORY REGIME

(1) The Company is recognized as an 'Authorised Economic Operator' (AEOs) by the Jamaica Customs Agency. This is a preferential system for importers under which the Company is subject to routine audit and inspection requirements that are designed to expedite the movement of its goods from the wharf to its premises and onward to customers.

(2) Bureau of Standards and the Standards Act

Certain of the products supplied by the Company are subject to standards set by the Bureau of Standards of Jamaica under the Standards Act. These include standards for power cables, flexible cords and other wiring for electrical lighting and apparatus. Other products that are supplied by the Company that are not subject to local standards (such as Light Emitting Diode (LED) lighting and compact florescent lamps) are supplied in line with international standards and best practice.

(3) JSE Junior Market Rules and the Securities Act and Regulations made thereunder

If the Invitation is successful and the Shares are listed on the Junior Market of the JSE, the Company will be subject to the Junior Market Rules of the JSE, and the provisions of the Securities Act and the Regulations made under it that are relevant to issuers of securities. These Rules and other provisions will require the Company to issue (amongst other things) quarterly and audited annual financial information as well as timely announcements, and to maintain certain standards of good corporate governance.

7.4 Benefits of Proposed Listing on the Junior Market of the JSE

The summaries below are set out for the convenience of prospective Applicants. That notwithstanding, each prospective Applicant should consult with a suitably qualified adviser as to any questions of taxation, inclusive of the types and rates of taxes that are applicable to their proposed investment in Shares.

(1) Junior Market Concessionary Income Tax Regime

The Directors of the Company anticipate that a Junior Market listing will enable it to take advantage of a special concessionary income tax regime, provided that the Company remains listed for the requisite period and complies with all other conditions of listing imposed for that purpose. If the Shares are admitted to the Junior Market, the Company will benefit from a special 10 - year concessionary income tax regime, provided that the Company remains listed for a combined continuous period of not less than 15 years and complies with all other conditions of listing imposed for that purpose. The Company will not be liable to pay corporate income tax in its first 5 years on the Junior Market. It will be liable to corporate income tax at half of the usual rate in years 6 to 10 on the Junior Market. If the Company breaches any Junior Market requirements, it may be liable to repay the tax that was remitted.

(2) Transfers of Shares on the JSE

Transfers of any Shares on the JSE are exempt from transfer tax and stamp duty.

(3) Dividends

Dividends received by Jamaican resident Shareholders will be subject to a 15% rate of income tax, which is to be withheld at source by Company as a final tax on the Shareholder. Foreign resident Shareholders may be subject to lower or higher rates of income tax on any dividends they may receive. Foreign resident Shareholders will also have income tax on dividends withheld at source. The rate of such withholding will vary and may be lower or higher than that applicable to residents of Jamaica.

7.5 DETAILS OF THE COMPANY

(1) Incorporation, Good Standing

The Company was incorporated on 6 April 1993 (company number 45963). The Company is in good standing with the Registrar of Companies until 21 December being the date on which its next annual return is due to be filed with the Companies Office of Jamaica.

(2) Tax Compliance Certificate

The Company has a tax compliance certificate that is valid up to and including 19 April 2018 and certifies that the Company has satisfied applicable statutory requirements in respect of Income Tax (including P.A.Y.E.), General Consumption Tax, Special Consumption Tax, Education Tax, and also in respect of N.I.S., N.H.T. and H.E.A.R.T. Trust contributions.

(3) Capital Structure

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

Authorised: 512,821,000 Shares

Issued: 401,820,444 Shares

(4) Shares in the Invitation

The Shares in the Invitation will be newly – issued Shares of the Company free of all liens and encumbrances, the net proceeds of issue of which will accrue to the Company in respect of the new shares.

(5) Dividend History and Dividend Policy

In the period represented by the Historical Financial Information, the Company paid no dividends.

If the Invitation is fully subscribed by Applicants and the Shares are admitted to listing on the Junior Market, the Board expects to distribute not less than 25% of its earnings to shareholders in the form of cash dividends. The Board may change this dividend policy from time-to-time subject to the availability of profits for distribution and / or in order to re-invest in the Company from time to time.

(6) Recent Capital Re-organisation

At an extraordinary general meeting of the Company held recently on 13 September 2017 the following actions were approved in respect of the capital structure of the Company:

- The reduction of the share premium account by \$34 million in accordance with the Companies Act in order to cancel amounts reflecting obsolete assets (inventories)

At an extraordinary general meeting of the Company held on 17 November 2017 the following actions were approved in respect of the capital structure of the Company:

- An increase in the authorized share capital of 50 million Shares
- The sub-division of each of the authorized and issued Shares into 2.22 Shares, for the purposes of pricing the Sale Shares in the Invitation and for the creation of liquidity in the trading market for the Shares following a successful listing on the Junior Market of the JSE
- The conversion of all fully paid Shares to stock units as at the time of their issue, for the purposes of their listing and trading on the Junior Market of the JSE
- The re-registration of the Company as a public limited company in preparation for the Invitation.

7.7 SHAREHOLDINGS IN THE COMPANY BEFORE AND AFTER THE INVITATION

As at the date of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

Shareholder	Number of Shares prior to the Invitation	% of Issued Shares prior to the Invitation
Founders	401,820,444	100%
Total	401,820,444	100%

After the Invitation is closed, and assuming that all of the Shares in the Invitation are taken up by the public and also, by the Reserved Share Applicants, the Shareholdings in the Company will be as follows:

Name of Shareholder	Number of Shares after the Closing Date of the Invitation	% Of Issued Shares after the Closing Date of the Invitation (rounded)
Founders	401,820,444	80%
SSL Reserved Shares	50,000,000	10 %
Company Reserved Share Applicants	20,000,000	4 %
Key Partners	20,385,000	4 %
General Public	10,070,111	2 %
Total	502,275,555	100%

7.8 REAL AND INTELLECTUAL PROPERTY

(1) Real Property

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

Description of Property	Nature of Interest	Lessor	Term, Rental and Other Details
Commercial Property located at 77 & 79 Molynes Road, Kingston 10, Saint Andrew	Freehold	N/A	Property owned by FosRich Company Limited.
Commercial Property located at 8a & 8b Marverly Avenue.	Freehold	N/A	Property owned by FosRich Company Limited.
Commercial Property located at 14 Burley Road	Freehold	N/A	Property owned by FosRich Company Limited as Proprietor
35 Ward Avenue, Mandeville, Manchester, Title registered at Volume 583 Folio 20	Leasehold	Mandeville Cash N Carry Limited	This lease commenced on the 1 June 2013, with a monthly rent of \$900,000.00. for a term of 5 years with an option to renew for a further term of 5 years.
3 Cottage Road, Montego Bay, St. James, Title registered at volume 1315 Folio 654	Leasehold	Better Homes Hardware Limited	This lease was entered into on 1 March 2017 for a term of 5 years, with a monthly rent of \$600,000.00.
18 Fairview Office Complex, Bogue, St. James	Leasehold	Kyomi Chue Grizzle	This lease was entered into on 1 April 2012 for a term of 5 years, with a monthly rent of US\$ 2,600.00.
76 Molynes Road, Kingston 10, Title registered at Volume 1364 Folio 289	Leasehold	Grace Kennedy Pension Fund Custodian Limited	This lease was entered into by Fortune Electrical Distributors Limited on the 1 July 2016 for a term of 20 years, with a monthly rent of US\$ 12,714.00.

(2) Intellectual property

The Company has applied to register a trademark in respect of its “FosRich”, “MGF Lighting”, “The Lighting World by FosRich”, FosRich Energy” and “RichLight” logos and to register both “FosRich” and “MGF Lighting” as business names of the Company.

7.10 MATERIAL CONTRACTS

The following material contracts, not being contracts entered into in the ordinary course of its business, have been entered into by the Company with the following persons (“Counterparties” and each of them a “Counterparty”) in the 2 years preceding the publication of this Prospectus:

Date	Counterparty	Consideration	Brief Details
22 August 2017	Stocks and Securities Limited	2% of the value of the Invitation, exclusive of GCT and disbursements.	Agreement appointing Stocks and Securities Limited as Lead Broker.
April 2017	Siemens AG	Course of dealing Invoice basis	Course of dealing relationship since April 2017, in which FosRich is a non-exclusive distributor of electrical products for Siemens in Jamaica.
25 April 2017	GE Commercial Materials S. de RL de CV and General Electrical Company and GE Lighting Systems	Invoice basis	Non-exclusive GE products distribution agreement for the period 25 April 2017 to 30 April 2018.
31 March 2017	Jamaica Public Service Company Limited	Up to US\$45-50 million Invoice basis	Agreement for the Supply of Smart Street Lighting Products for a period of 12 months.
25 October 2016	Nexans Brasil SA	Invoice basis	Exclusive distribution agreement for electrical cable products in Jamaica for a term of 36 months and may be renewed for an addition term of 1 year.
2016	Lamenpulse	Course of dealing Invoice basis	Distribution relationship since 2016, in which the Company acts as non-exclusive distributor of 5 brands of Lamenpulse products.
2015	Better Homes Hardware Limited	\$14,254,204	Purchase of the inventory of Better Homes Hardware Limited.

The material contracts include the Real Property leases described above. The material contracts (together with certain other documents) will be available for inspection as described in Section 14.

7.11 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, and/or the circumstances which may give rise to such proceedings.

7.12 CHARGES REGISTERED AGAINST THE ASSETS OF THE COMPANY

As at the date of this Prospectus, the following security interests (within the meaning of the Security Interests in Personal Property Act) were registered against the public file of the Company in the National Register of Security Interests:

National Registration Details
#1010650702 registered 2 January 2014 and lapses on 19 December 2019. Secures indebtedness to First Global Bank Limited. Amount of Principal Indebtedness is JMD \$361,643,344.
#10171963 is an amendment registered 16 November 2015 and lapses on 19 December 2019. Secures indebtedness to First Global Bank Limited. Amount of Principal Indebtedness is JMD \$361,643,344.
#1014474236 registered 15 June 2015 and lapses on the same date in 2025. Secures indebtedness to COK Sodality Co-operative Credit Union. Amount of Principal Indebtedness is JMD \$1,530,000.

As at the date of this Prospectus, the following charges (within the meaning of section 93 of the Companies Act) were registered against the public file of the Company maintained by the Companies Office of Jamaica:

Collateral	Details
Debenture over fixed and floating assets as described in Clause 4.1 of the First Debenture Agreement and a Mortgage over Certificates of Title registered at Volume 943 Folio 218, Volume 1422 Folio 899, 900 & 904 and Volume 1280 Folio 305	Created on the 11 April 2012, but deemed to be created on the 1 November 2013 and registered on that same date and secures \$210,000,000 to First Global Bank Limited, with power to upstamp.

7.13 DIVIDEND POLICY

If the Invitation is fully subscribed by Applicants and the Shares are admitted to listing on the Junior Market, the Board expects to distribute not less than 25% of its earnings to shareholders in the form of cash dividends. The Board may change this dividend policy from time-to-time as a result of changes in the return-on-equity of the Company, the Company’s liquidity needs or changes in regulatory policy.



Mark Croskery (President & CEO of Stocks & Securities Limited) with Cecil Foster (Managing Director of Fosrich Company Limited).

SECTION 8: BOARD OF DIRECTORS

8.1 DETAILS OF THE DIRECTORS

Brief biographical details of the Directors and Managers of the Company appear below. The Directors' addresses are set out in Section 15.1 and all of them may be contacted for business purposes at the registered office of the Company.



CECIL FOSTER, MANAGING DIRECTOR

Cecil Foster, together with his wife Marion Foster, is a Founder of the Company. Under his stewardship the Company grew from a micro enterprise at the time of its incorporation in 1993, and survived the financial meltdown in Jamaica. It has now grown into one of the major importers and distributors of electrical products in Jamaica, serving all sectors.

Cecil pursued a Marketing Degree at the University of Technology (formerly CAST) in 1994 with emphasis on business development and Marketing. He is member of the King's House Foundation Board of Governors, and Chairman for the Grounds, Security and Maintenance sub-committee of the Board.. He is also President of the Adventist's Layperson's and Services Industry (ASI) and a member of the Incorporated Master Builders' Association of Jamaica. Cecil is also the co-founder of the Good Samaritan Inn, a feeding program that provides meals 3 times per week to approximately 600 persons.



MARION FOSTER, EXECUTIVE DIRECTOR, CHAIRMAN OF THE BOARD

Marion Foster, together with her husband Cecil Foster, is a Founder of the Company. Marion holds a BSc Degree in Management Studies from the University of the West Indies. She has been at the Company full time since 1996 and was initially in charge of the Accounting department.

She graduated from the Mico Teachers' College in 1987 and thereafter taught in the Jamaica and the USA for 6 years.



STEADMAN FULLER, C.D. NON – EXECUTIVE DIRECTOR

Steadman Fuller is the Chairman and Managing Director of the Kingston Bookshop. He is also an entrepreneur and philanthropist. Steadman graduated from the Mico Teachers' College (now the Mico University College). After 2 years in the classroom, he took on the challenge of managing the Kingston Bookshop, moving the company from one retail store to 7 stores across Kingston and Spanish Town including 4 locations in downtown Kingston.

Steadman completed a Bachelor of Law Degree (LLB Hons) at the University of Huddersfield in the United Kingdom. He was the second recipient of the prestigious Trail Blazer Award from the Book Industry Association of Jamaica (BIAJ). Steadman was installed as Custos Rotulorum for the Parish of Kingston on 25 February 2010.

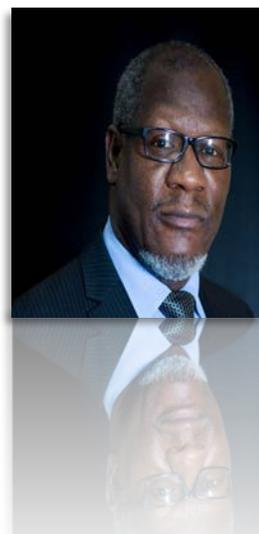


IAN KELLY, NON – EXECUTIVE DIRECTOR

Ian Kelly is the Director, Finance of Derrimon Trading Company Limited and Caribbean Flavours and Fragrances Limited each of which are listed on the Junior Market. 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.

Ian is a Certified Public Accountant (U.S.A.) and a Chartered Accountant (Jamaica) by profession. He holds both a Bachelor 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.

Ian's past Directorships include Kingston Freezone, Postal Corporation of Jamaica, Wigton WindFarm Limited (Chairman) and Clarendon College. He currently serves as Chairman for Tydixon Primary School and is a Director of Calum Enterprises Limited, Derrimon Trading Company Limited and Caribbean Flavours and Fragrances Limited.



PETER KNIBB, NON – EXECUTIVE DIRECTOR and MENTOR

Peter Knibb is a Chartered Accountant with 20 years' experience working in corporate groups and 14 years' experience working with 2 large audit firms. He has served as Chief Financial Officer for a publicly traded financial group in the Caribbean for 20 years.



ROSALYN CAMPBELL, NON – EXECUTIVE DIRECTOR

Rosalyn Campbell is an attorney-at-law and has been the Chief Executive Officer of the Private Security Regulation Authority since May 2005. She has previously served as the Chief Executive Officer for Caymanas Track Limited (CTL) in Gregory Park, St. Catherine.

Rosalyn graduated from the University of London, England with honours and subsequently completed her Certificate in Legal Education at the Norman Manley Law School. She also obtained an MSc. In Business Administration from Barry University in Florida and is trained in Marketing and Project Management.

Rosalyn has also served as a director of the Trade Board, Caymanas Track Limited, the Land Taxation Relief Board and St. Dominic Business School, the Ashe Performing Arts Academy and as Chairman for the Jamaica Cultural Development Commission’s Festival Queen Committee, and the United Way’s Women, Leadership, Philanthropy and Volunteerism Committee.



RUTH JOSEPHS, COMPANY SECRETARY

Ruth Josephs is a Chartered Secretary with over 20 years’ experience serving on the Board of Directors for Jamaica Institute of Management (2009), Restaurants of Jamaica Limited and Buying House Cement Limited in the capacity of Corporate Secretary.

Ruth is a graduate of the University of Technology, Business Administration in the area of Chartered Secretary and an Associate of the Institute of Chartered Secretaries and Administrators, London since 1990.

8.2 DIRECTORS’ INTERESTS IN ORDINARY SHARES

The Directors’ interests in the Shares of the Company (including legal and beneficial holdings) as at the date of this Prospectus, are set out below:

NAME OF DIRECTORS	NUMBER OF SHARES BEFORE OPENING DATE OF INVITATION	PERCENTAGE OF ISSUED SHARES BEFORE OPENING DATE OF INVITATION
Cecil Foster Marion Foster	401,820,444	Interests in 100%

Save as set out above, no Director or senior Manager receives Shares, or options in respect of Shares, in consideration of the services rendered by him or her to the Company. Please note however that eligible Directors and Staff of the Company are eligible to apply for Company Reserved Shares in the Invitation.

8.3 CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board has the following committees:

AUDIT COMMITTEE	COMPENSATION COMMITTEE
Ian Kelly (Independent Chairman) Rosalyn Campbell (Independent Member) Peter Knibb (Independent Member) Cecil Foster (Member)	Rosalyn Campbell (Independent Chairman) Steadman Fuller (Independent Member) Marion Foster (Member)

The Board of Directors is supported by its non-executive directors who have collectively between them experience of corporate governance and listed company issues.

8.4 MENTOR AND DIRECTORS' FEES AND EXECUTIVE EMOLUMENTS

Each of the non-executive Directors receives fees of \$27,000 per meeting of the Board or any Committee thereof. The executive Directors' emoluments shall not exceed \$23 million in the aggregate in the current financial year.

The Mentor is remunerated in accordance with his Mentor Agreement which provides for fees in the amount of US\$500 for his attendance at each Board or committee meeting of the company. The Mentor shall not receive additional remuneration for attendance at meetings in the capacity as director and mentor, and such fees shall be combined.



From the left:
Kenneth Lawrence (Manager of Engineering Services), **Tricia Edwards** (Supply Chain Manager),
Warren Riley (Commercial and Operations Manager), **Cecil Foster** (Managing Director - Seated),
Vincent Mitchell (Sales and Project Manager), **Kerry-Ann Gray** (Marketing and The Lighting
 World Division Manager) and **Peter Knibb** (Director of Finance).

SECTION 9: MANAGEMENT DISCUSSION AND ANALYSIS

9.1 Trends in Gross Profit¹

Unaudited gross profit for the year to date (from 1 January to 30 September 2017) was \$360.1 million compared to \$346.3 million for the same reporting period in 2016, this is an increase of \$13.8 million. This improvement was mainly driven by improvements in selling prices, which compensated for the reduction in sales revenue from the start of the year up until 30 September 2017 by J\$60.1 million to J\$796.2 million compared to the same period in 2016 (2016 - J\$856.3 million). The gross profit performance and sales for the 5 audited years financial years 31 December 2012 to 2016 inclusive is summarised in the following table²:

	Sales	Sales Growth	Gross Profit	Gross Profit Growth	Gross Profit %
2012	662,772,145	15%	262,135,180	30%	40%
2013	773,788,710	17%	363,464,982	39%	47%
2014	927,706,262	20%	400,727,435	10%	43%
2015	947,821,184	2%	363,099,957	-9%	38%
2016	1,155,557,852	22%	468,894,393	29%	41%

The Company's performance in the 2014 financial year was impacted by success of the Sabina Park lighting project, with the results being normalised in the periods that followed.

The average gross profit percentage for the 5 audited financial years from 2012 to 2016 inclusive was 42%, driven by average sales of \$894 million and average gross profit of \$372 million over the period. The average annual growth³ in sales over the same 5- year period was 15% and the average annual growth in gross profit over the same period was 20%.

9.2 Trends in Administration Expenses⁴

Administration expenses for the year to date (1 January - 30 September 2017) were \$300 million, reflecting an increase of \$40 million when compared to the same period last year. The increase in expenses was mainly driven by the following factors:

- increases in rent associated with the new lease for the new Molyne's Road warehouse facility of \$15.4 million
- warranty expenses associated with the recently established warranty reserve of 0.5% of sales revenue amounting to \$4.0 million
- damaged goods write-offs amounting to \$3.0 million
- increased marketing and distribution expenses of \$2.6 million

¹ Gross Profit means the company's sales revenue minus the cost of goods sold.

² Please note that Gross Profit for the financial year 2011 was \$201,811,606 (audited).

³ Growth is calculated as follows: (Current number - Prior number) / Prior number.

⁴ Administrative expenses are expenses that the Company incurs that are not directly tied to a specific revenue generating activities, such as, sales or production.

- increased electricity costs of \$1.7 million
- increased general insurance cost of \$1.7 million
- increased bad debt provision of \$1.5 million.

Staff cost savings amounted to \$679 thousand. The administration expenses of the Company for the 5 prior audited financial years under review is summarised in the following table⁵:

	Administration Expenses	Growth
2012	185,882,891	28%
2013	254,214,506	37%
2014	315,843,571	24%
2015	306,789,249	-3%
2016	391,624,409	28%

The Company's 2013 financial year was impacted by the opening of the Lighting & Energy stores at both the Fairview and Cottage Road locations in Montego Bay, and the 2014 financial year was impacted by the opening of the Lifestyle Store in Mandeville. Financial year 2015 benefited from a \$17 million reduction in selling and marketing costs and a \$10.5 million reduction in bad debt provision. Financial year 2016 saw administration expenses increasing from \$307 million in the prior-year, up to \$392 million, an increase of \$85 million. This increase was driven by the strategic acquisition of the inventory of Better Homes Hardware Limited in the fourth quarter of the 2015 financial year, which was incorporated into the existing Cottage Road operations.

The Directors consider that, notwithstanding that the gross margins obtained from its hardware business are below the existing lighting, electrical and energy margins, it is hoped that by managing the incremental cost, some improvements in net profit should accrue from customer synergies in the medium-term.

9.3 Trends in Finance Costs

Finance costs in the year to date from 1 January to 30 September 2017 amounted to \$33.3 million compared to \$38.5 million for the prior reporting period, a decrease of \$5.2 million. This reduction is being driven primarily by the scheduled pay-down of financing obligations. The finance costs for the 5 prior audited financial years from 2012 – 2016 inclusive are summarised in the following table⁶:

	Finance Cost & Bank Charges	Growth
2012	35,255,943	6%
2013	47,190,737	34%
2014	46,480,606	-2%
2015	50,785,022	9%
2016	58,955,735	16%

⁵ Please Note that Administration Expenses for the year 2011 were \$145,450,852.

⁶ Please Note that Finance Cost for the financial year 2011 was \$33,193,747 (audited).

Financial year 2013 was impacted by a bank loan amounting to \$130 million received during the course of 2012 to finance an increase in inventory. Incremental increases in borrowings subsequent to the 2012 loan have been sourced to finance inventories.

9.4 Trends in Profit After Tax

Profit-after-tax for the year to date from 1 January to 30 September 2017 was \$22.5 million, a reduction of \$15.4 million compared to the \$37.9 million earned in the prior reporting period. The profit after tax of the Company for the 5 prior audited financial years is summarised in the following table⁷:

	Profit After Tax	Growth
2012	30,077,115	407%
2013	50,224,646	67%
2014	36,368,952	-28%
2015	2,988,485	-92%
2016	30,337,616	915%

9.5 Trends in Inventories

Inventory balances by location as at 30 September 2017 (unaudited) were as follows:

	Inventory Sep-17	9 Average Monthly Sales	Multiple in Months
Kingston	453,679,488	67,061,502	6.8
Mandeville	55,240,038	10,180,080	5.4
Cottage Road	45,934,718	6,381,332	7.2
Fairview	24,852,963	4,848,420	5.1
TOTAL	579,707,207	88,471,335	6.6

During the current financial year (2017) the balance sheet was re-organised, and the previous balance of the share premium account amounting to \$33.5 million, was reduced in accordance with the Companies Act and utilised as a provision for some slow-moving inventory items. The Company continues to closely manage its inventory balances and supply-chain, with a view to ensuring that inventories are optimised relative to the pace of sales, the time between the orders being made and when goods become available for sale, to avoid both overstocking and stock-outs. Monitoring is conducted both at the individual product level and by product categories. Inventory balances over the audited financial years from 2012 to 2016 inclusive have been as follows⁸:

⁷ Please note that Profit After Tax for the financial year 2011 was \$5,936,915 (audited).

⁸ Please note that Inventories for the financial year 2011 were \$306,058,167 (audited).

Inventories

2012	493,829,971
2013	560,953,095
2014	564,570,083
2015	602,146,037
2016	624,587,925

9.6 Trends in Receivables

Receivables also continue to be closely managed. A provision has been established for doubtful accounts and currently stands at \$27.8 million (year to 30 September). This represents approximately 70% of balances over 180 days.

	180 Days	150 Days	120 Days	90 Days	60 Days	30 Days	Current	Balance
December 2014	32,586,783.32	989,905.33	581,640.41	2,680,872.43	9,123,998.01	31,717,256.73	33,739,767.40	111,420,223.63
	29.25	0.89	0.52	2.41	8.19	28.47	30.28	% of Balance:
December 2015	42,898,575.12	143,424.49	2,271,255.88	2,391,510.89	4,578,463.16	24,826,157.37	35,681,492.78	112,790,879.69
	(18,216,238.85)							(18,216,238.85)
	24,682,336.27	143,424.49	2,271,255.88	2,391,510.89	4,578,463.16	24,826,157.37	35,681,492.78	94,574,640.84
	26%	0%	2%	3%	5%	26%	38%	
December 2016	35,118,916.45	-136,553.44	3,120,869.21	1,446,236.03	5,526,333.05	32,844,220.58	36,768,653.22	114,688,675.10
	(26,216,238.85)							(26,216,238.85)
	8,902,677.60	(136,553.44)	3,120,869.21	1,446,236.03	5,526,333.05	32,844,220.58	36,768,653.22	88,472,436.25
	10%	0%	4%	2%	6%	37%	42%	
September 2017	40,600,694.09	4,346,686.81	4,212,463.95	136,065,14.21	11,835,538.20	18,168,205	40,370,316.04	133,140,418
	30.49	3.26	3.16	10.22	8.89	14	30.32	(27,848,415.85)
	(27,848,415.85)							(27,848,415.85)
Net	12,752,278.24	4,346,686.81	4,212,463.95	13,606,514.21	11,835,538.20	18,168,204.72	40,370,316.04	105,292,002.17
	12%	4%	4%	13%	11%	17%	38%	% of Balance:

9.7 Trends in Trade Payables⁹

During the current year to 30 September, accounts payables for foreign goods, local goods and for services have decreased by \$12.2 million.

A comparison of the 2015 and 2016 audited year-end balances reflect an increase of 125%, due largely to the tightness of credit available to finance the Company's expanding operations.

⁹ Trade Payables does not include statutory and payroll related liabilities.

December 2015				
	FOREIGN PURCHASES	86,148,690.42		
	LOCAL PURCHASES	14,592,393.75		
	OTHER GOODS AND SERVICES	17,957,433.07		
		<u>118,698,517.24</u>		
December 2016				
	FOREIGN PURCHASES	209,381,868.14		
	LOCAL PURCHASES	43,736,206.92		
	OTHER GOODS AND SERVICES	12,698,813.87		
		<u>265,816,888.93</u>		
September 2017			Change during current month	Change during current year
	FOREIGN PURCHASES	214,726,367.64	-34,986,031.46	5,344,499.50
	LOCAL PURCHASES	27,806,655.56	-1,993,636.71	-15,929,551.36
	OTHER GOODS AND SERVICES	11,070,806.82	-4,632,347.26	-1,628,007.05
		<u>253,603,830.02</u>	<u>(41,612,015.43)</u>	<u>(12,213,058.91)</u>

9.8 Trends in Finance

Over the years the profit being realised from operations, though retained to support growth, has been insufficient to sustain the growth in operations, resulting in the reliance on external finance. Movements in finance from financial year 2012 to the present date are detailed below:

December 2012	294,277,419	Inventory support
Movement during year	<u>44,606,091</u>	Inventory support
December 2013	338,883,510	
Movement during year	<u>46,607,802</u>	Inventory support
December 2014	385,491,312	
Movement during year	<u>73,443,562</u>	Inventory support and new motor vehicle lease facility for \$15 million
December 2015	458,934,873	
Movement during year	<u>(56,101,984)</u>	Net repayment during year
December 2016	402,832,889	
Movement during year-to-date	(16,567,671)	Net repayment during year-to-date
	<u>(67,238,856)</u>	Capitalisation of Director's Loan
September 2017	<u>319,026,362</u>	

	September 2017	Average Interest Rate	Maturity
Long-term Loans	272,548,115	12.55%	2022
Credit Card - J\$	9,610,873	42.08%	Revolving
Credit Card - US\$	2,241,966	19.56%	Revolving
Insurance Premium Finance	3,759,627	15%	2017
Leases	12,940,868	14.35%	2022
Bank Overdraft	<u>17,924,913</u>		Revolving
	<u>319,026,362</u>		

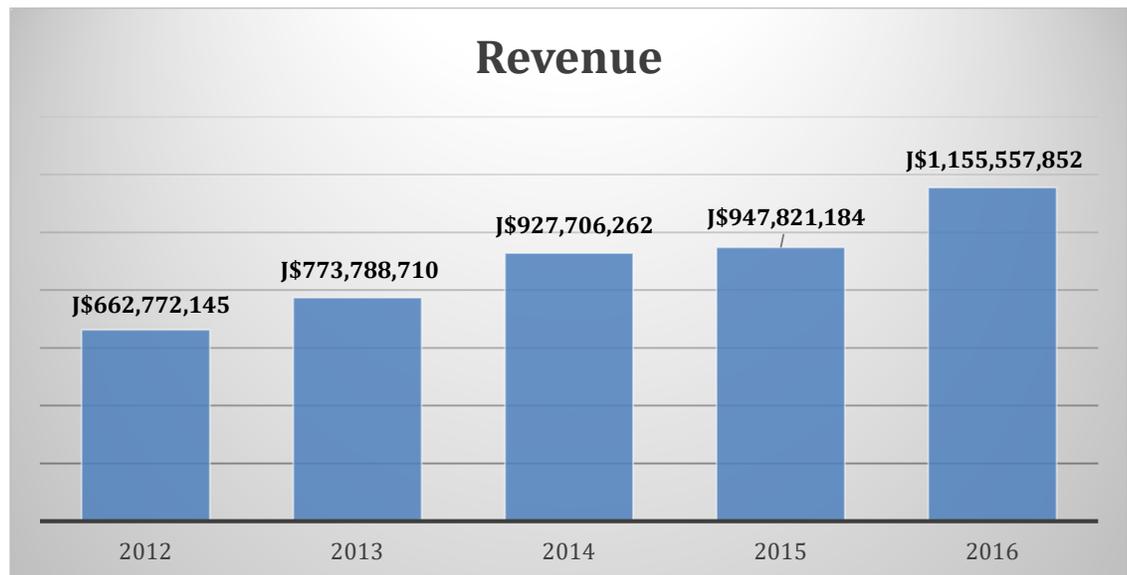
9.9 Trends in Shareholders' Equity

For the current year to 30 September 2017, shareholders' equity decreased by \$11 million, from \$399 million as at 31 December 2016 to \$388 million. The net decrease of \$11 million in the year to date arose as a result of retained profits of \$23 million for the start of the year to 30 September 2017, and the utilisation of share premium amounting to \$34 million by way of a capital reduction in accordance with the Companies Act.

SECTION 10: FINANCIAL HIGHLIGHTS

10.1 Revenue Analysis

The Company experienced a steady growth in revenue over the past 5 financial years from 2012 to 2016. For the financial year ended 31 December 2016, the Company had its highest revenues to date of \$1.155 billion. This was an increase of 22% from the year before. Although the Company experienced a modest revenue growth of 2% in 2015, the Company has had total revenue growth of 74% from 2012 to 2016, and a compounded annual growth rate of 12%. The increases in revenue are due to three main reasons. Firstly, the strong sales culture at FosRich, and the ability of the sales team meet clients' demands in a time sensitive and cost-effective manner. The flexibility, and adaptability of the team has enabled FosRich to secure the many contracts and projects mentioned throughout this prospectus. Secondly, the strategic expansion of FosRich, signaled by the opening of the Montego Bay locations in 2013, and the Mandeville location in 2014. Thirdly, the efforts of the marketing department which have transformed FosRich into a household brand of the utmost repute.



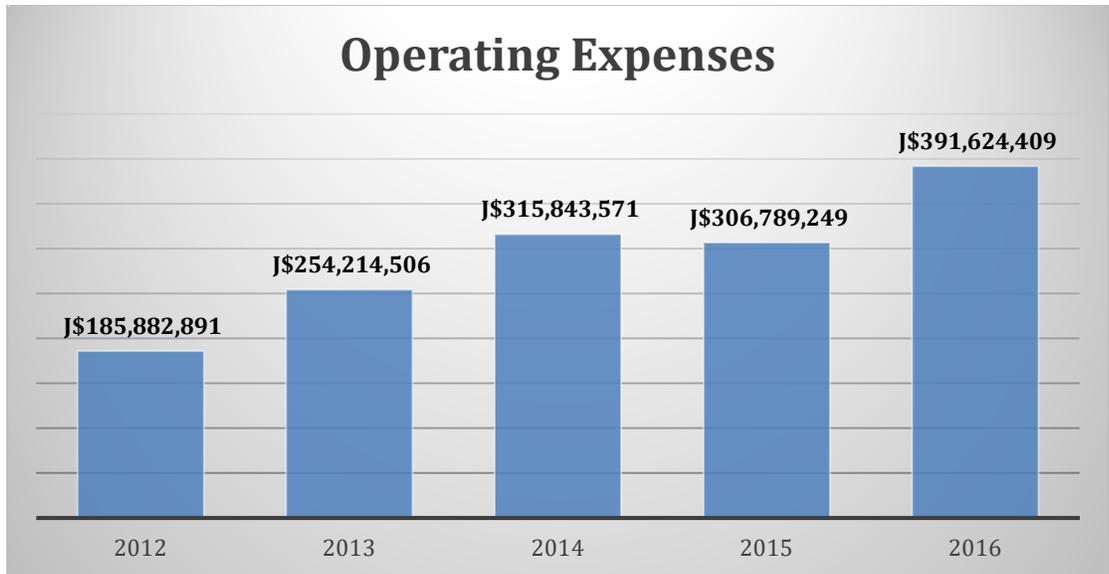
10.2 Gross Profit Analysis

The Company recorded Gross Profit of \$468.89 million for the financial year 2016. This represents an increase of 29% over the previous year, and total growth of 79% over the past 5 financial years (2012 – 2016 inclusive). The Company has had a compounded annual growth rate of 12% in the 5 financial years from 2012 to 2016, driven by an average increase in revenue of 15% on average sales of \$894 million. In financial year 2014, the company in conjunction with the Urban Development Corporation (UDC) and Fortune 500 company Philips Lighting completed an extensive project to provide Light Emitting Diode (LED) lights to Sabina Park. This has enabled cricket matches and other events to be hosted at the venue at night. In financial year 2015, the Company acquired the inventories and certain other assets of Better Homes Hardware Limited. The margins on this new inventory were less than those on the Company's original products, and thus the gross profit was affected in financial year 2015. From financial year 2015 to 2016 however, the management team has refocused the operations of the Company and by focusing on its core objectives has been able to increase gross profit to its highest level yet.



10.3 Operating Expense Analysis

Operating Expenses totaled \$391.62 million in financial year 2016, an increase of 28% from the \$306.79 million booked in financial year 2015. Over the 5 year period under review (financial year 2012 to 2016 inclusive), Operating Expenses have increased at a compounded annual growth rate of 16%. The Company is committed to investing in the long - term success of the business, and as such has been actively making strategic acquisitions. In financial year 2013, the Company opened two branches in Montego Bay: one in Fairview and the other on Cottage Road. Following the opening of those 2 locations, the Company opened its Mandeville branch the following year. In financial year 2015 the Company expanded its operations at Cottage Road by acquiring the inventory of Better Homes Hardware Limited. Each of these activities contributed to an increase in operational expenses year to year, however the Directors consider that following the Invitation the business is poised to begin reaping the rewards of its sacrifices. The Company has also implemented certain cost cutting measures aimed at improving the efficiency of the business. This includes a reduction in the staff complement, renegotiating of certain expense contracts, and stricter management controls.



10.4 Profit before Taxation

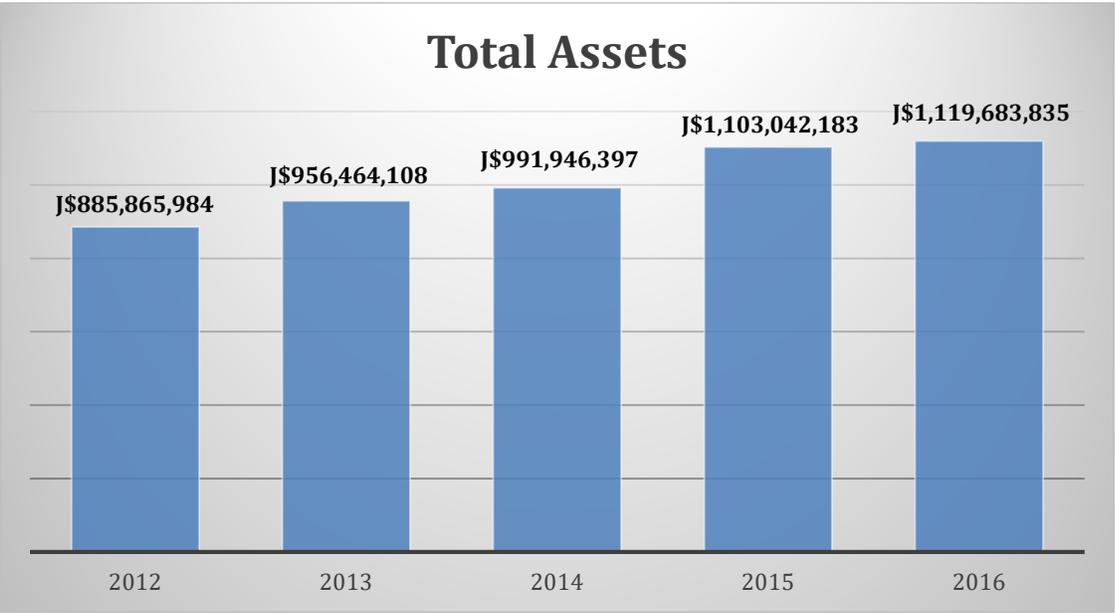
For the financial year 2016, the Company reported Profit before Taxation of \$35.29 million. This represents an increase of 261% from the previous financial year. As mentioned previously, the Company experienced decreasing profits in financial year 2015 mainly due to the acquisition of the inventory of Better Homes Hardware in Montego Bay. Although the profitability of the Company was seriously impacted in financial year 2015, the acquisition of the inventory will be a driving force for the long-term success of the Company. Already, in financial year 2016 profit before taxation rose to \$35.2 million and in the year to date as at August 31, 2017 the profit before tax is at \$32.8 million. With the proposed roll out of the industrial products line later in 2017, the Directors anticipate a profitable end to the fiscal year.



10.5 Total Assets Analysis

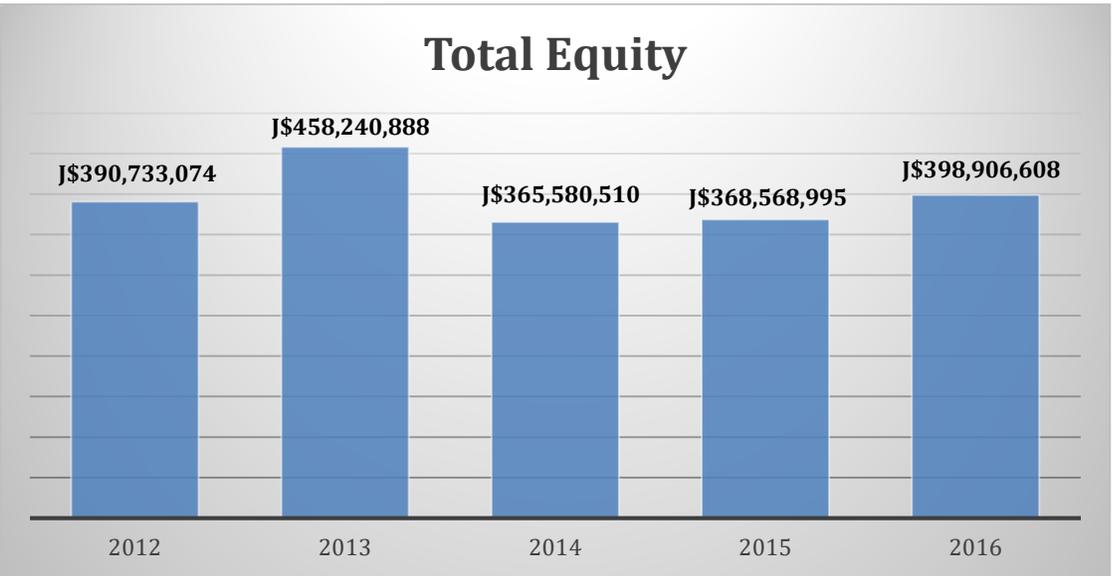
At the end of financial year 2016, Total Assets totaled \$1.120 billion, marking an increase of 2% from financial year 2015. The recorded growth in Total Assets from financial year 2012 to 2016 has been

steady at a compounded annual growth rate of 5%, and a total growth of 26%. The main contributors to total assets have been an increase in inventories as the company attempts to service customers in a faster manner, and accounts receivables for goods already sold.



10.6 Total Equity Analysis

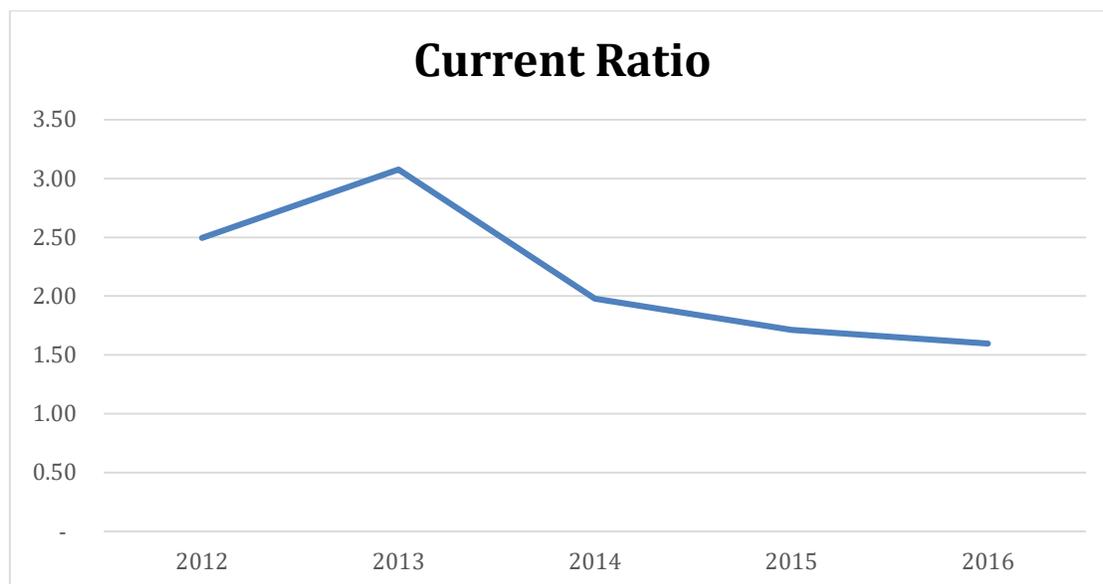
Total Shareholders’ Equity has fluctuated over the 5 audited years under review. Shareholder’s Equity increased by 17% to \$458.24 million in financial year 2013. After a decrease to \$365.58 million in financial year 2014, Total Shareholder’s Equity has increased by 9% to \$398.91 million in financial year 2016 due to an increase in retained earnings as the business continues to invest in its long - term success.



10.7 Current Ratio

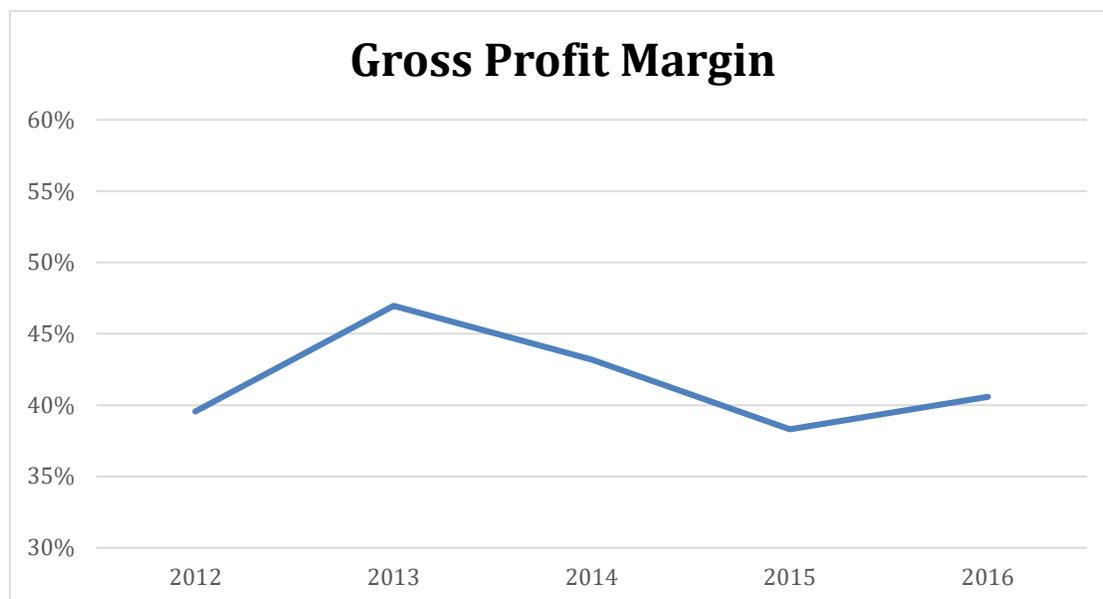
For the past 5 financial years, the Company has maintained a current ratio above 1.5. From financial year 2012 up to financial year 2014 the current ratio was above 2, and then the ratio gradually fell starting from the financial year 2014 to financial year 2016. As at the end of financial year 2016, the

current ratio was 1.60, implying that the Company's current assets were more than sufficient to meet all of its short - term liabilities due within one year.



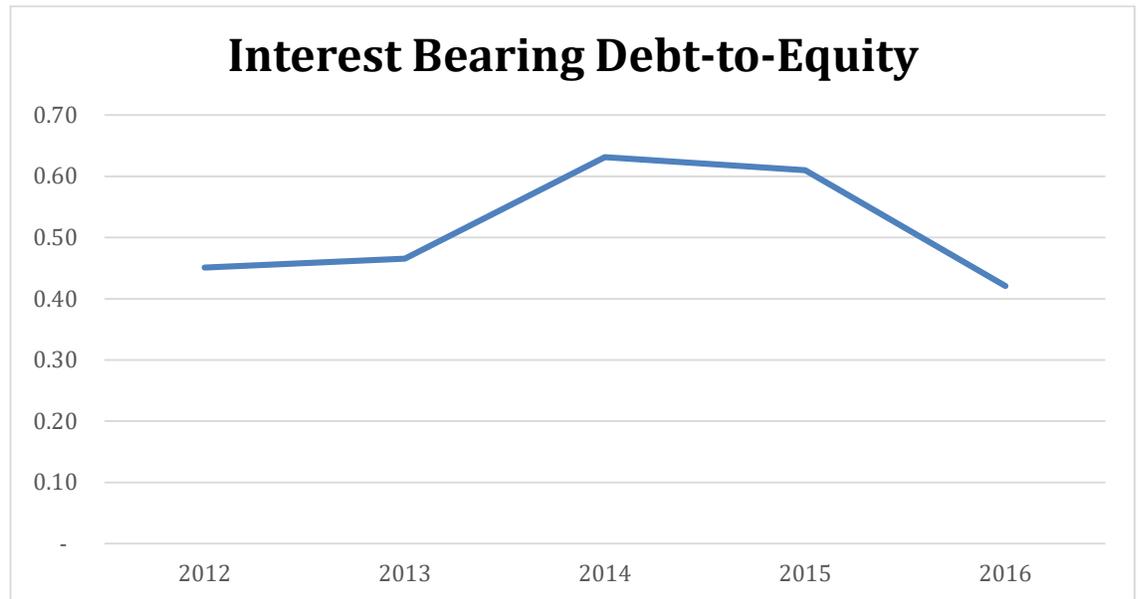
10.8 Gross Profit Margin

From financial year 2012 through to financial year 2016, the Company has had an average gross profit margin of 42%. In financial year 2015, the Company's cost of goods sold increased at a higher percentage than revenue, due to the acquisition of inventory from Better Homes Hardware Limited, resulting in a decrease in the Gross Profit Margin to 38% for that financial year. However, after refocusing on the core operations of the business and tighter management controls, the Company was able to increase gross margins to 42% in 2016, and the gross profit margin year to date is at 45.2% and the Directors are hopeful of maintaining or increasing that level towards the end of the current year, 2017.



10.9 Interest Bearing Debt-to-Equity

At the end of 31 December 31, 2016, Interest Bearing Debt-to-Equity was 0.42 or 42%. In financial years 2014 and 2015, there was a significant increase in the Company's debt, resulting in higher ratios of 0.63 and 0.61 respectively. The Company has a series of short term loan facilities that mature between financial years 2016 and 2022. The reduction to 0.42 in financial year 2016 is the result of significant debt reduction in financial year 2016. It is important to note that given the Company's debt level, the Directors consider that it still has room to take on additional debt if the need were to arise, without putting a strain on the Company.



SECTION 11: FINANCIAL INFORMATION

PART 1 - AUDITED FINANCIAL INFORMATION

FOSRICH COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

FOSRICH COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

<u>CONTENTS</u>	<u>Page</u>
Auditor's Report to the Members	1-3
FINANCIAL STATEMENTS:	
Statement of Financial Position	4
Statement of Comprehensive Income	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8-19

YVONNE E. DAVIS ACCA; FCCA

INDEPENDENT AUDITOR'S REPORT

**To the Members of
FOSRICH COMPANY LIMITED**

Report on the Audit of the Financial Statements

Opinion

I have audited the Financial Statements of Fosrich Company Limited (The Company) as set out on pages 4 to 19, which comprise the Statements of Financial Position as at December 31, 2016, Profit or Loss and other Comprehensive Income, Changes in Equity and Cash Flows for the year then ended and notes, comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying Financial Statements give a true and fair view of the financial position of the Company as at December 31, 2016, and of its Financial Performance and Cash Flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those Standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and I have fulfilled my other ethical responsibilities in accordance with the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement whether due to fraud or error.

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

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

YVONNE E. DAVIS ACCA; FCCA

INDEPENDENT AUDITOR'S REPORT

**To the Members of
FOSRICH COMPANY LIMITED**

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 the Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 error.
- 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists I am required to draw attention in my Auditor's Report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that presents a true and fair view.

YVONNE E. DAVIS ACCA; FCCA

INDEPENDENT AUDITOR'S REPORT

**To the Members of
FOSRICH COMPANY LIMITED**

Report on the Audit of the Financial Statements (continued)

I communicate with the Board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on additional matters as required by the Jamaican Companies Act

I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purposes of my audit. In my opinion, proper accounting records have been maintained, so far as appears from my examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the matter required.



**Yvonne Davis
CHARTERED ACCOUNTANT**

**13 North Avenue
Kingston 5**

July 11, 2017

FOSRICH COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	2016	2015
ASSETS		\$	\$
Non-current assets:			
Property, plant and equipment	5	275,299,177	292,785,651
Due from Related Parties	6	67,055,414	60,675,890
Investments	7	15,221,987	13,068,202
		357,576,578	366,529,743
Current assets:			
Inventories and goods in transit	8	624,587,925	602,146,037
Accounts receivable	9	123,403,564	125,930,496
Cash and cash equivalents	10	14,115,768	8,435,907
		762,107,257	736,512,440
Less Current liabilities:			
Trade and other payables	11	297,907,189	259,730,462
Taxation payable	12	12,175,374	3,850,770
Short-term loan	13	30,979,548	11,746,400
Current portion of long-term loan	14	99,157,214	131,731,531
Bank overdraft		37,098,111	22,859,187
		477,317,436	429,918,350
Net current assets		284,789,821	306,594,090
		642,366,399	673,123,833
EQUITY AND LIABILITIES			
Equity:			
Share capital	15	181,000,200	181,000,200
Share premium	16	33,500,000	33,500,000
Capital reserves	17	69,999,632	69,999,632
Retained earnings		114,406,776	84,069,163
		398,906,608	368,568,995
Non-current liabilities:			
Long-term liabilities	14	167,795,116	224,794,855
Directors' loan	18	67,802,900	67,802,900
Deferred tax	19	7,861,775	11,957,083
		243,459,791	304,554,838
		642,366,399	673,123,833

Approved on behalf of the Board of Directors on July 11, 2017 and signed on its behalf by:

.....) Cecil Foster
DIRECTORS
.....) Marion Foster

* Reclassified to conform to current year classification

The accompanying notes form an integral part of the financial statements

FOSRICH COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2016

	Notes	<u>2016</u> \$	<u>2015</u> \$
Revenue		1,155,557,852	947,821,184
Cost of sales		<u>686,663,459</u>	<u>584,721,227</u>
Gross profit		468,894,393	363,099,957
Administrative and other expenses		<u>398,358,925</u>	<u>313,641,331</u>
Operating profit		70,535,468	49,458,626
Other income	20	<u>16,973,190</u>	<u>4,257,371</u>
Profit before finance costs and taxation		87,508,658	53,715,997
Finance costs	21	<u>(52,221,221)</u>	<u>(43,932,939)</u>
Profit before taxation		35,287,437	9,783,058
Taxation	22	<u>(4,949,823)</u>	<u>(6,794,573)</u>
Net profit, being total comprehensive income for the year	23	<u>30,337,613</u>	<u>2,988,485</u>

The accompanying notes form an integral part of the financial statements

* Reclassified to conform to current year presentation

FOSRICH COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Share capital \$	Share premium \$	Revaluation surplus \$	Retained earnings \$	Total \$
Balance at 31 December 2014	181,000,200	33,500,000	69,999,632	81,080,678	365,580,510
Profit for year, being total comprehensive income	-	-	-	2,988,485	2,988,485
Balance at 31 December 2015	181,000,200	33,500,000	69,999,632	84,069,163	368,568,995
Profit for year, being total comprehensive income	-	-	-	30,337,613	30,337,613
Balance at 31 December 2016	181,000,200	33,500,000	69,999,632	114,406,776	398,906,608

The accompanying notes form an integral part of the financial statements

FOSRICH COMPANY LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash flows from operating activities:		
Profit after tax for the year	30,337,613	2,988,485
Adjustments for:		
Taxation expense	4,949,823	6,794,573
Unrealized foreign exchange gain	(4,942,692)	(174,548)
Impairment of inventory	4,704,384	1,835,818
Depreciation and amortization	26,734,403	20,223,434
Gain on disposal of property, plant & equipment	(794,604)	-
Interest income	(53,957)	(132,800)
Interest expense	47,332,485	44,240,287
	<u>108,267,455</u>	<u>75,775,249</u>
Changes in:		
Inventories	(27,146,272)	(39,411,772)
Accounts receivable	7,469,624	(42,907,364)
Tax paid	(60,000)	(2,707,697)
Accounts payable	38,176,727	30,751,414
Short term loan	19,233,148	(8,764,631)
Cash generated by operations	145,940,682	12,735,198
Interest paid	(47,993,011)	(44,240,287)
Net cash (used)/provided by operating activities	<u>97,947,671</u>	<u>(31,505,089)</u>
Cash flows from investing activities:		
Interest received	53,957	132,800
Purchase of investment	(2,153,785)	(5,078,828)
Related party	(6,379,524)	(24,400,000)
Proceeds from disposal of property, plant & equipment	1,245,000	-
Purchase of property plant & equipment	(9,698,325)	(19,639,127)
Cash used in investing activities	<u>(16,932,677)</u>	<u>(48,985,155)</u>
Cash flows from financing activities:		
Directors' loan proceeds	-	11,971,886
Long-term loan	(89,574,056)	51,921,524
Cash provided by financing activities	<u>(89,574,056)</u>	<u>63,893,410</u>
Net decrease in cash and cash equivalents for year	(8,559,063)	(16,596,834)
Cash and cash equivalents at beginning of year	<u>(14,423,280)</u>	<u>2,173,554</u>
Cash and cash equivalents at end of year	<u><u>(22,982,343)</u></u>	<u><u>(14,423,280)</u></u>
Bank overdraft	(37,098,111)	(22,859,187)
Cash at bank	<u>14,115,768</u>	<u>8,435,907</u>
Bank overdraft, net of cash at bank	<u><u>(22,982,343)</u></u>	<u><u>(14,423,280)</u></u>

The accompanying notes form an integral part of the financial statements

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

1. Identification and Principal Activity:

Fosrich Company Limited is incorporated and domiciled in Jamaica under the Companies Act (2004). The registered office is located at 77 - 79 Molynes Road, Kingston 10. The main activities of the company are the retailing of electrical, lighting, hardware and energy products.

2. Reporting Currency:

The financial statements are presented in Jamaican dollars which is the company's functional currency.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies

(a) Statement of Compliance:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board.

(b) Basis of Preparation:

The financial statements have been prepared under the historical cost convention, except for property which is carried at revaluation.

Standards, interpretations and amendments to published standards that became effective during the year:

During the reporting period, certain new and revised standards, interpretations and amendments which were in issue came into effect. These standards, interpretations and amendments had no significant effects on the company's financial statements.

Standards, interpretations and amendments to published standards that in issue but not yet effective:

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are not yet effective and which the company has not early adopted. The company has assessed the relevance of all such new standards, amendments and interpretations with respect to its operations and intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting the requirements are generally applied prospectively, with some limited exceptions. The company does not expect this standard to have a significant impact on the financial statements when it becomes effective.

IAS 15 Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers*, which provides a single principle based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18 Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments, and as such will impact the businesses that earn fee and commission revenues. The new standard is a control based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The standard identifies a performance obligation in a contract, and determines the principal and agent in an agreement, and whether the licensing revenues should be recognized at a point in time or over a specific period. The standard is effective for annual accounting periods beginning on or after January 1, 2018. The company is assessing the impact of the Standards when they become effective.

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd)

(c) Use of estimate and judgements:

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. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed below:

Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses on receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be measurable decrease in estimated future cash flows from receivables, for example, through unfavourable economic conditions and customer default. Management will apply historical loss experience to individually significant receivables with similar characteristics such as credit risk where impairment indicators are not observable in their respect.

Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Expected useful life and residual value of property, plant and equipment

The expected useful life and residual value of an asset is reviewed at least at each financial year-end, and if expectations differ from previous estimates the change is accounted for. Useful life of an asset is defined in terms of the asset's expected utility to the company.

(d) Significant accounting policies:

The significant accounting policies used in the preparation of these financial statements conform to IFRS in all material respects. The accounting policies have been consistently applied and presented in the financial statements.

(i) Property, plant and equipment

Recognition and measurement

Property, plant and equipment are measured and carried at historical cost less accumulated depreciation, except for property which is carried at revaluation.

Surplus or loss arising on revaluation are classified in comprehensive income.

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognized in profit or loss.

Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred. Subsequent expenditure is only capitalised when it is probable that future economic benefits will flow to the entity.

The carrying value of major property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Depreciation

Depreciation is calculated on the straight-line basis at rates estimated to write off the relevant assets over their estimated useful lives, except that land is not depreciated.

Annual depreciation rates are as follows:-

Freehold buildings (straight line basis)	2.5 %
Motor vehicle - commercial	12.5 %
Motor vehicle - private	20 %
Plant, air conditioners and telecom system	10 %
Computers	22.5 %

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd)

(d) Significant accounting policies (cont'd):

(ii) Inventories:

Inventories are measured and carried at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated cost to completion.

(iii) Foreign currency translation:

Transactions in foreign currencies are translated to functional currency at the exchange rates on the date of these transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated to the functional currency using exchange rates prevailing at reporting date. Non-monetary items measured at historical cost are translated using exchange rates at the date of the transaction. Differences arising on foreign currency translation are recognised in profit or loss.

(iv) Taxation:

Taxation expense comprises current and deferred tax and is recognised in profit or loss, except when it relates to an item recognised in other comprehensive income.

Current income taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments related to the prior years. Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at reporting date.

Deferred income taxes

Deferred tax relates to temporary differences between the carrying amounts of assets or liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases and on unused tax losses or tax credits. 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 recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(v) Financial Instrument:

A financial instrument is any contract which gives rise to a financial asset in one entity and a financial liability in another entity. The company classifies non-derivative financial instruments as loans and receivable and other financial liabilities.

Recognition and derecognition

Loans and receivables are initially recognised on the origination date. Other financial assets and liabilities are recognised on transaction date when the company becomes party to the terms of the contract.

Financial assets are derecognised when the rights of the assets are transferred or expire. Financial liabilities are derecognised when the contractual obligations are cancelled, fulfilled or expire.

Financial assets and liabilities are only offset when there is a legal enforceable right or the amounts will be settled on a net basis simultaneously.

Measurement

Loans and receivables are initially measured at fair value and thereafter at amortised cost using the effective interest method. Financial liabilities are initially measured at fair value and thereafter at amortised cost using the effective interest method.

Financial assets:

Financial assets carried at the reporting date are trade receivables, cash and cash equivalents, due from related parties and investment

Cash and cash equivalents:

Cash and cash equivalents comprise, cash and bank balances, other short term investments and monetary instruments maturing between one and three months from the reporting date. These are carried at cost in the statement of financial position.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd)

(d) Significant accounting policies (cont'd):

(v) Financial instruments (cont'd)

Trade receivables:

Trade receivables are carried at original invoice amount less provision made for impairment of those receivables. A provision for impairment of trade 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 receivables.

Financial liabilities:

Financial liabilities carried in the statement of financial position are loans, directors loans, finance lease obligations, bank overdrafts and trade and other payables.

Loans:

Loans are measured at carried at amortized cost. Interest-bearing loans are initially recorded at cost, being the fair value of consideration received net of transaction costs associated with the borrowings. After initial recognition, interest-bearing borrowings are measured at amortized cost.

Trade and other payables:

Trade and other payables are measured at amortised cost.

(vi) Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. Financial assets measured at amortised cost:

Impairment is considered at the individual and collective level. All individually significant assets are assessed individually for impairment. Collective assessment is performed by grouping assets with similar risks profiles. Historical information about losses incurred and recoveries are used in the assessment of impairment.

An impairment is the difference between the asset's carrying amount and present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and an allowance account is maintained in the statement of financial position. Assets that are considered irrecoverable are written off. Any subsequent decrease in impairment, based on objective changes in the indicators of impairment, is reversed through profit or loss.

Non-financial assets

Where there is an indication of impairment, the asset's recoverable amount is estimated by considering the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized in profit or loss where the asset's carrying value exceeds its recoverable amount. An impairment loss is reversed to the extent that it would not exceed the asset's original carrying amount if no impairment loss had been recognized.

(vii) Employee benefits:

Annual leave

Short term employee benefits are expensed as the related service is provided. Employees' entitlement to annual leave are recognised when they accrue to employees. No provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position, as the amount is not material.

(viii) Revenue recognition:

Sale of goods

Revenue represents the invoiced value of goods sold to external customers of the company, net of General Consumption Tax, and after deducting discounts and allowances. Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, which is when the product is collected by, or delivered to the customer.

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

(ix) Related parties

Related party transactions with key management personnel and directors are recorded at arms length.

(x) Lease

Lease of properties where the company has substantially all the risks and rewards of ownership are classified as finance leases.

Minimum lease payments under finance leases are apportioned between interest expense and the outstanding liability. Interest expense is amortized to each period during the lease term to arrive at a constant rate of interest on the outstanding balance.

Certain properties were leased by the company from its directors under finance lease arrangement, the full amount of the lease obligation was discharged at the commencement of the lease in 2009. Other finance leases involve the acquisition of motor vehicle. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged as an expense in profit or loss on the straight line basis over the period of the lease.

3. Statement of Compliance, Basis of Preparation and Significant Accounting Policies (cont'd)

(d) Significant accounting policies (cont'd)

(xi) Finance income and finance costs

The company's finance income and finance costs include interest income, interest expense and foreign exchange gains and losses on financial assets and liabilities.

Interest income or expense is recognised over the period of the transaction using the effective interest method.

(xii) Fair value measurement

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. At reporting date, the company considers fair value in relation to a quoted price in an active market. A market is active when transactions occur with significant frequency and volume to produce information about pricing on a continuous basis. The fair value of the consideration paid or received, which is transaction price is the best evidence of fair value on initial recognition. Subsequent changes in fair value are recognised in profit or loss.

The amounts included in the financial statements for cash and cash equivalents, receivables, payables and bank overdraft reflect their approximate fair value because of the short term nature of these instruments. Long term liabilities reflect the company's contractual obligations and are carried at amortized cost, which is deemed to approximate the fair value of these liabilities.

4. Financial Risk Management

a) **Financial risk factors:**

The company's activities exposes it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk, liquidity risk, and operational risk. The company's Board of Directors has direct responsibility for the establishment and monitoring of the company risk management framework. The company's overall risk management programme is established to identify and analyse the risks faced by the company and seeks to minimize potential adverse effects on the company's financial performance.

Management seeks to minimize potential adverse effects on the financial performance of the company by applying procedures to identify, evaluate and manage these risks based on guidelines set by the Board of Directors.

Market risk

(i) Currency risk

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

The company is exposed to currency risk due to fluctuations in exchanges rates on transactions and balances that are denominated in currencies other than Jamaican dollars. Foreign currency bank accounts are maintained from the transfer of funds from local bank accounts.

At the end of the reporting period the company has net foreign currency liabilities of US\$1,638,462 (2014 - US\$1,614,390) which were subject to foreign exchange rate changes as follows:

	<u>2016</u> <u>US\$</u>	<u>2015</u> <u>US\$</u>
Financial Assets:		
Cash and cash equivalents	46,198	1,597
Financial Liabilities:		
Trade and other payables	(1,241,426)	(1,640,059)
Net Foreign Currency (Liabilities)	(1,195,228)	(1,638,462)

The above assets/(liabilities) are payable in United States Dollars. Exchange rates applicable at the end of the reporting period are J\$128.65 to US\$1.00 (2015: J\$120.42 to US\$1.00).

	Impact on Profit or Loss	
	<u>2016</u> <u>J\$</u>	<u>2015</u> <u>J\$</u>
Sensitivity analysis		
Devaluation of 6%	(9,582,567)	(11,838,216)
Revaluation of 1%	1,597,095	1,973,036
	1,597,095	1,973,036

(ii) **Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the company's loans and borrowings are at fixed rates of interest, there is no interest risk exposure.

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

4. Financial Risk Management (cont'd)

(iii) Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the company will experience difficulty in raising funds to meet its obligations associated with financial liabilities. The company manages this risk by keeping committed lines of credit and rigorous monitoring of its cash flows. The following are the contractual maturities of financial liabilities measured at amortised cost. The table shows the undiscounted cash flows of non-derivative financial liabilities including contractual interest payments, based on the earliest date on which the company can be required to pay.

31 December 2016

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>6 months or less</u>	<u>6 - 12 Months</u>	<u>1 - 2 years</u>	<u>More than 2 years</u>
	\$	\$	\$	\$	\$	\$
Short term loans	30,979,548	30,979,548	15,489,774	15,489,774	-	-
Long term loans	252,327,648	306,996,599	62,605,655	62,117,723	89,137,017	93,136,203
Finance lease obligations	14,624,682	18,952,363	3,256,987	3,098,200	5,896,325	6,700,851
Trade payables	279,074,349	279,074,349	279,074,349	-	-	-
Other payables	18,832,840	18,832,840	18,832,840	-	-	-
	<u>595,839,067</u>	<u>654,835,699</u>	<u>379,259,605</u>	<u>80,705,697</u>	<u>95,033,342</u>	<u>99,837,054</u>

31 December 2015

	<u>Carrying Amount</u>	<u>Contractual cash flows</u>	<u>6 months or less</u>	<u>6 - 12 Months</u>	<u>1 - 2 years</u>	<u>More than 2 years</u>
	\$	\$	\$	\$	\$	\$
Short term loans	11,746,400	12,180,239	9,915,009	2,265,230	-	-
Long term loans	337,638,450	410,791,215	83,772,437	83,119,536	119,273,971	124,625,270
Finance lease obligations	18,887,936	23,570,329	3,138,145	3,138,145	6,752,416	10,541,623
Trade payables	224,446,153	224,446,153	224,446,153	-	-	-
Other payables	35,284,309	35,284,309	35,284,309	-	-	-
	<u>628,003,248</u>	<u>706,272,245</u>	<u>356,556,053</u>	<u>86,257,681</u>	<u>126,026,387</u>	<u>135,166,893</u>

(iv) Credit risk

Credit risk is the risk that one party to the financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The company manages its credit risk by screening its customers, establishing credit limits and the rigorous follow-up of receivables; and ensuring cash and investments are low-risk or, are held with sound financial institutions.

An impairment allowance is established in respect of trade receivables which represent an estimate of incurred losses. At reporting date there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial assets.

	<u>2016</u>	<u>2015</u>
	\$	\$
The aging of trade		
Current under 30 days	39,095,413	36,508,074
30-60 days	35,769,027	25,006,405
60 - 90 days	5,432,319	5,322,980
90 days and over	47,239,708	58,728,686
	<u>127,536,467</u>	<u>125,566,145</u>
Less impairment	<u>(26,216,239)</u>	<u>(18,216,239)</u>
	<u>101,320,228</u>	<u>107,349,906</u>

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

5 Property, Plant and Equipment

	Freehold Land	Freehold Building	Motor Vehicles	Furniture Fixtures and Equipment	Leasehold Improvement (Operating Leases)	Leasehold Property (Finance Lease)	Computers	Total
COST/REVALUATION:								
01 January 2015	29,980,000	176,139,252	19,227,066	31,549,118	50,910,348	30,000,000	14,163,597	351,969,381
Additions	-	-	15,171,000	2,585,457	716,519	-	1,166,153	19,639,129
31 December 2015	29,980,000	176,139,252	34,398,066	34,134,575	51,626,867	30,000,000	15,329,750	371,608,510
Additions	-	-	901,287	5,351,853	-	-	3,445,185	9,698,325
Disposals	-	-	(1,921,276)	-	-	-	-	(1,921,276)
31 December 2016	29,980,000	176,139,252	33,378,077	39,486,428	51,626,867	30,000,000	18,774,935	379,385,559

DEPRECIATION:

01 January 2015	-	12,338,639	9,461,793	13,690,783	17,469,213	1,500,000	4,138,997	58,599,425
Charge for year	-	4,403,481	3,637,197	3,154,912	5,091,035	750,000	3,186,809	20,223,434
31 December 2015	-	16,742,120	13,098,990	16,845,695	22,560,248	2,250,000	7,325,806	78,822,859
Charge for year	-	4,403,481	7,745,232	3,948,643	5,162,687	750,000	4,724,360	26,734,403
Eliminated on disposals	-	-	(1,470,880)	-	-	-	-	(1,470,880)
31 December 2016	-	21,145,601	19,373,342	20,794,338	27,722,935	3,000,000	12,050,167	104,086,382

Net Book Value:

At 31 December 2016	29,980,000	154,993,651	14,004,735	18,692,090	23,903,933	27,000,000	6,724,768	275,299,177
At 31 December 2015	29,980,000	159,397,132	21,299,076	17,288,880	29,066,619	27,750,000	8,003,944	292,785,651

Revaluation of assets

The company's freehold property including land and buildings were valued on an open market value basis by professional valuers in 2009 and 2011. The surplus on revaluation is included in capital reserves (note 17).

Motor vehicles

Included in the cost of motor vehicles are two vehicles costing \$24,223,480 which were acquired under finance lease arrangements. (See note 19)

Leasehold property

arrangement. (see note 3 (xi)) The full amount of the lease obligation was settled on the execution of the lease by the creation of shares to the directors.

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

6 Due from Related Party:

	<u>2016</u>	<u>2015</u>
	\$	\$
This represents amounts advanced to LCCM, a company related by Director. The terms and conditions of the advance have not been agreed. B27	67,055,414	60,675,890

7 Investments:

	<u>2016</u>	<u>2015</u>
	\$	\$
This represents funds deposited with First Global Bank Limited and hypothecated in connection with loans.	15,221,987	13,068,202

8 Inventories:

	<u>2016</u>	<u>2015</u>
	\$	\$
Electrical, lighting, energy and hardware items	601,736,541	491,977,855
Goods in transit	22,851,384	110,168,181
	624,587,925	602,146,037

During the year inventory impairment adjustments amounted to \$4,704,384(2015: \$1,835,818).

9 Accounts Receivable:

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade receivables	127,536,467	125,566,145
Less: Impairment	(26,216,239)	(18,216,239)
	101,320,228	107,349,906
Other receivables	18,988,654	10,876,848
	120,308,882	118,226,754
Prepaid expenses	3,094,682	7,703,742
	123,403,564	125,930,496

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade receivables is broken down as follows:		
Current	39,095,413	36,508,073
Non-current	88,441,054	89,058,072
	127,536,467	125,566,145
Less: Impairment	(26,216,239)	(18,216,239)
	101,320,228	107,349,906

Impairment movement during the year were as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
At the beginning of the year	18,216,239	41,241,301
Increase/decrease in allowance	8,000,000	23,025,062
Amounts written off during the year net of recoveries	-	-
At the end of the year	26,216,239	18,216,239

10 Cash and Cash Equivalents:

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash and Bank	14,115,768	8,435,907

11 Trade and Other Payables:

	<u>2016</u>	<u>2015</u>
	\$	\$
Trade Payables	279,074,349	224,446,153
Customers' Deposits	400,000	20,577,617
Other payables and accruals	18,432,840	14,706,692
	297,907,189	259,730,462

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

12 Taxation Payable:

	<u>2016</u>	<u>2015</u>
	\$	\$
Tax payable brought forward	3,850,770	-
Current income tax @ 25%	12,921,616	5,646,729
Less Employer Tax Credit	(3,876,485)	(1,694,019)
Withholding Tax	(660,527)	41,940.00
Less Tax Paid	(60,000)	(60,000)
	<u>12,175,374</u>	<u>3,850,770</u>

13 Short-term Loans:

	<u>2016</u>	<u>2015</u>
	\$	\$
Alliance Financial Services Limited	14,329,111	4,749,088
Credit Cards	16,650,437	6,997,312
	<u>30,979,548</u>	<u>11,746,400</u>

The amount of \$14,329,111 (2014: \$9,030,688) represents insurance premium finance facility which expires in 2019.

14 Long-term Liabilities:

	<u>2016</u>	<u>2015</u>
	\$	\$
Bank Loans		
FGB (3312411) \$15M	1,573,871	5,000,000
FGB (100791) \$20M	16,302,704	18,418,557
FGB (100664) \$50M	35,167,975	42,091,140
FGB (3312110) \$85M	8,929,988	28,332,222
FGB (101039) \$100M	45,734,407	94,320,250
FGB (3312075) \$107M	53,155,338	35,306,734
FGB (3314436) \$150M	91,059,293	114,169,790
	<u>251,923,576</u>	<u>337,638,693</u>
Interest on loans	404,072	-
Finance Lease Obligation	14,624,682	18,887,693
	<u>266,952,330</u>	<u>356,526,386</u>
Less: Current portion of bank loans	(95,428,549)	(131,731,531)
: Current portion of finance lease	(3,728,665)	-
	<u>(99,157,214)</u>	<u>(131,731,531)</u>
Long-term loans	<u>167,795,116</u>	<u>224,794,855</u>

(a) The bank loans are at interest rates between 8% and 10%, mature between 2017 and 2019, and are secured as follows:

(i) Debenture over fixed and floating assets of the company stamped to cover \$235,000,000.

(ii) Mortgages over commercial properties owned by the company stamped to cover \$214,000,000 as follows:

<u>Location of properties</u>	<u>Volume and Folio</u>
77 Molyne's Road, Kingston 10	943/ 218
8a and 8b Mavery Avenue, Kingston 10	1422/ 899/ 900/ 904
14 Burley Road, Kingston 10	1280/ 305

(ii) Peril Insurances over the above properties

(iv) Personal properties owned by the Directors located at 20 Kensington Crescent, Kingston 5 and 79 Molyne's Road, Kingston 10.

(v) Assignment of Keyman Insurance on the lives of the Directors and letter of subordination of Directors Loan to First Global Bank Limited.

(b) The finance lease arrangements are with First Global Bank Limited in relation to acquisition of motor vehicles, which are collateral for the leases. The leases are at interest rates ranging from 13.5% to 15% and mature between 2017 and 2020.

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

15 Share Capital:

	2016	2015
	\$	\$
Authorised issued and fully paid - Ordinary Shares at no par value	181,000,200	181,000,200

This comprises the nominal value of the company's issued share capital.

16 Share Premium:

	2016	2015
	\$	\$
	33,500,000	33,500,000

The share premium represents the amount received in excess of par value of shares issued in 2009 net of expenses.

17 Capital Reserves:

Capital reserves represent unrealised surplus on the revaluation of the company's real estate over the period 2009 - 2011. The revaluation was conducted by professional valuers.

	2016	2015
	\$	\$
	69,999,632	69,999,632

18 Directors' Loan:

	2016	2015
	\$	\$
	67,802,900	67,802,900

Directors loan is interest free and carries the right of repayment, however the repayment terms were not agreed on at reporting date. The loan is currently in subordination to the First Global Bank Limited for loans made to the company.

19 Deferred Taxation:

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. Deferred taxation arises from timing differences due to the rate at which the company is depreciating its property, plant and equipment and the rate at which the tax authorities is writing down the assets for tax purposes. The movement on deferred tax balance for the year, is as follows:

	2016	2015
	\$	\$
Balance at start of the year	11,957,083	9,055,221
Charged/ credited to profit and loss	(4,095,308)	2,901,862
	7,861,775	11,957,083

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

20 Other Income

Other income comprises foreign exchange gains on currency translation and interest income.

21 Finance (Costs)/Income

	<u>2016</u>	<u>2015</u>
	\$	\$
Interest income	53,957	132,800
Interest expense	(47,332,485)	(44,240,287)
Foreign exchange gains/(losses)	(4,942,692)	174,548
Net finance costs	<u>(52,221,221)</u>	<u>(43,932,939)</u>

22 Income Tax Expense:

Taxation is based on the profit for the year as adjusted for tax purposes and is computed as follows:

	<u>2016</u>	<u>2015</u>
	\$	\$
Current income tax @ 25%	12,921,616	5,646,730
Employer's Tax Credit	(3,876,485)	(1,694,019)
Minimum Business Tax	-	(60,000)
Deferred Tax Adjustment	(4,095,308)	2,901,862
	<u>4,949,823</u>	<u>6,794,573</u>

Reconciliation of the theoretical tax charge that would arise on profit before tax using the applicable tax rate to actual tax charge.

	<u>2016</u>	<u>2015</u>
Profit before Taxation	35,287,437	9,783,058
Tax calculated at 25%	8,821,859	2,445,765
Adjusted for the effect of expenses not deducted for tax purposes	4,448	3,127,805
Net effect of other charges/credits	(3,876,485)	1,221,003
	<u>4,949,823</u>	<u>6,794,573</u>

23 Profit is stated after charging the following:

	<u>2016</u>	<u>2015</u>
	\$	\$
Directors' emoluments	23,503,592	10,571,236
Auditor's Remuneration	1,600,000	1,200,000
Bank interest	47,332,485	44,240,287
Depreciation	<u>26,734,403</u>	<u>19,784,571</u>

24 Commitments and Contingencies:**Lease Commitments:**

At December 31, 2015, there were unexpired lease commitments with First Global Bank Limited in respect of motor vehicles, terminating between 2017 and 2020.

The company has operating lease arrangements in relation to property which expire between 2019-2020.

Lease expense:

During the year \$28,345,439 (2015: \$19,218,020) was recognised as lease expense in the profit or loss.

25 Capital Management

The company's financial objective is to maintain a strong capital base in order to sustain future development of the business and benefit the shareholders. Capital consists of share capital, share premium, capital reserve and retained earnings.

26 Comparatives:

Certain balances in the prior year financial statements were reclassified to accord with current year's presentation.

FOSRICH COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

27 Prior year restatement:

The prior year restatement relates to:

- i. This related to inventory consisting of slow moving in 2013 based on changes in technology.
- ii. Increase in impairment allowance for accounts receivable for year ended 2013 based on analysis of bad debt.

	December 31, 2014, as previously reported	Adjustment	Restated balance
On the statement of changes in equity			
Retained earnings as at beginning of the year	173,741,056	129,029,423	44,711,633
Retained earnings at the end of the year	<u>210,110,101</u>	<u>129,029,423</u>	<u>81,080,678</u>

	December 31, 2014, as previously reported	Adjustment	Restated balance
On the statement of financial position			
Inventory	673,599,506	(109,029,423)	564,570,083
Accounts receivable	103,023,133	(20,000,000)	83,023,133
Retained earnings	<u>210,110,101</u>	<u>129,029,423</u>	<u>81,080,678</u>

FOSRICH COMPANY LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

<u>CONTENTS</u>	<u>Page</u>
Report to the Directors	1
Overhead Expenses	2

Yvonne E. Davis ACCA; FCCA

AUDITOR'S REPORT TO THE DIRECTORS

**To the Directors of
Fosrich Company Limited**

The supplementary information set out on Statement 2 is taken from accounting records of the company, and has been subjected to tests and other auditing procedures applied in my examination of the company's Financial Statements for the year ended December 31, 2016.

In my opinion, this information, although not necessary for a fair presentation of the company's state of affairs and results of operations, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Yvonne Davis
CHARTERED ACCOUNTANT

**13 North Avenue
Kingston 5**

July 11, 2017

FOSRICH COMPANY LIMITED

ADMINISTRATIVE EXPENSES

YEAR ENDED 31 DECEMBER 2016

	<u>2016</u>	<u>2015</u>
	\$	\$
<u>ADMINISTRATIVE AND OTHER:</u>		
Salaries & wages	136,428,957	108,715,290
Commission	17,825,825	14,854,895
Other staff cost	16,370,822	14,028,785
Employer contribution	16,907,071	14,162,236
Staff training	675,656	1,446,317
Selling & marketing	15,592,290	17,725,232
Assets tax and filing expenses	200,000	200,000
Audit and accountancy fee	4,220,000	3,560,000
Bank charges	6,734,514	6,852,083
Legal and professional fees	10,236,630	14,001,087
Cleaning and sanitation	1,573,503	1,373,118
Computer expenses	3,664,391	5,121,500
Donations	3,406,114	2,694,213
Foreign travel	1,731,950	1,156,789
Local travel	11,187,133	8,811,054
Motor vehicle expenses	6,740,882	4,527,692
Petrol	10,272,074	9,109,081
Motor vehicle insurance	1,525,783	1,209,003
Insurance general	27,039,845	20,739,374
Rent	28,345,439	19,218,020
Repairs - building & furniture	2,807,741	2,886,011
Miscellaneous & office expenses	5,334,544	4,798,622
Courier services	647,271	515,344
Security	12,846,925	10,893,689
Stationery	1,808,996	430,008
Electricity	8,297,705	7,472,232
Telephone	5,600,658	4,753,849
Water, trade licence and property tax	1,569,435	835,924
Bad debt provision	8,122,588	(10,509,370)
Gain on disposal of property, plant & equipment	(794,604)	-
Damaged goods	4,704,384	1,835,818
Depreciation	26,734,403	20,223,434
	<hr/>	<hr/>
TOTAL	<u>398,358,925</u>	<u>313,641,331</u>

	Audited					Un-audited
	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Sep-2017
	\$	\$	\$	\$	\$	\$
ASSETS						
Non-current assets:						
Property, plant and equipment	305,989,470	277,668,055	293,369,958	292,785,651	275,299,177	258,914,549
Due from related parties	-	-	36,275,890	60,675,890	67,055,414	70,474,974
Investments	-	5,391,623	7,989,374	13,068,202	15,221,987	16,713,444
	<u>305,989,470</u>	<u>283,059,678</u>	<u>337,635,222</u>	<u>366,529,743</u>	<u>357,576,578</u>	<u>346,102,967</u>
Current assets:						
Inventories	493,829,971	560,953,095	564,570,083	602,146,037	624,587,925	579,707,207
Accounts receivables	82,880,920	95,448,221	83,023,133	125,930,496	123,403,564	106,457,180
Cash and cash equivalents	3,165,623	17,003,114	6,717,959	8,435,907	14,115,768	35,063,648
	<u>579,876,514</u>	<u>673,404,430</u>	<u>654,311,175</u>	<u>736,512,440</u>	<u>762,107,257</u>	<u>721,228,034</u>
	<u>885,865,984</u>	<u>956,464,108</u>	<u>991,946,397</u>	<u>1,103,042,183</u>	<u>1,119,683,835</u>	<u>1,067,331,001</u>
EQUITY AND LIABILITIES						
Equity:						
Share capital	181,000,200	181,000,200	181,000,200	181,000,200	181,000,200	181,000,200
Share premium	33,500,000	33,500,000	33,500,000	33,500,000	33,500,000	-
Capital reserves	92,957,968	69,999,632	69,999,632	69,999,632	69,999,632	69,999,632
Retained earnings	83,274,906	173,741,056	81,080,678	84,069,163	114,406,776	136,956,751
	<u>390,733,074</u>	<u>458,240,888</u>	<u>365,580,510</u>	<u>368,568,995</u>	<u>398,906,608</u>	<u>387,956,583</u>
Non-current liabilities:						
Long-term liabilities	176,150,183	213,266,338	230,705,065	224,794,855	167,795,116	186,331,769
Directors' loan	55,831,014	55,831,014	55,831,014	67,802,900	67,802,900	67,238,856
Deferred tax	30,634,502	10,252,418	9,055,221	11,957,083	7,861,775	7,861,775
	<u>262,615,699</u>	<u>279,349,770</u>	<u>295,591,300</u>	<u>304,554,838</u>	<u>243,459,791</u>	<u>261,432,400</u>
Current liabilities:						
Trade payables and accruals	157,679,020	145,394,207	229,153,596	259,730,462	297,907,189	275,651,790
Taxation payable	12,541,969	3,693,085	2,665,758	3,850,770	12,175,374	9,595,635
Short-term loans	28,353,361	8,560,816	20,511,031	11,746,400	30,979,548	15,612,466
Current portion of long-term liability	29,123,782	54,544,643	73,899,797	131,731,531	99,157,214	99,157,214
Bank overdraft	4,819,079	6,680,699	4,544,405	22,859,187	37,098,111	17,924,913
	<u>232,517,211</u>	<u>218,873,450</u>	<u>330,774,587</u>	<u>429,918,350</u>	<u>477,317,436</u>	<u>417,942,018</u>
	<u>885,865,984</u>	<u>956,464,108</u>	<u>991,946,397</u>	<u>1,103,042,183</u>	<u>1,119,683,835</u>	<u>1,067,331,001</u>

STATEMENT OF COMPREHENSIVE INCOME

	Audited					Un-audited
	Dec-2012	Dec-2013	Dec-2014	Dec-2015	Dec-2016	Sep-2017
	\$	\$	\$	\$	\$	
REVENUE	662,772,145	773,788,710	927,706,262	947,821,184	1,155,557,852	796,242,011
Cost of sales	400,636,965	410,323,728	526,978,827	584,721,227	686,663,459	436,113,725
Gross profit	262,135,180	363,464,982	400,727,435	363,099,957	468,894,393	360,128,286
Other Income	1,269,618	-2,138,758	4,983,909	4,257,371	16,973,190	4,017,755
Operating Income	263,404,798	361,326,224	405,711,344	367,357,328	485,867,583	364,146,041
EXPENSES						
Administrative						
Salaries and wages	76,296,147	106,841,899	83,160,054	108,715,290	136,428,957	95,839,925
Commission	-	-	14,940,558	14,854,895	17,825,825	14,914,087
Other staff cost	-	-	11,408,700	14,028,785	16,370,822	11,470,914
Employer contribution	-	-	11,027,356	14,162,236	16,907,071	12,610,241
Staff training	-	2,161,941	1,849,649	1,446,317	675,656	174,950
Selling and marketing	35,634,935	39,793,575	34,424,429	17,725,232	15,592,290	14,577,219
Assets tax and filing expenses	70,000	181,600	-	200,000	200,000	200,000
Audit and accountancy fee	3,400,000	5,391,000	1,300,000	3,560,000	4,220,000	3,150,000
Legal and professional fees	6,488,941	8,165,465	14,716,303	14,001,087	10,236,630	8,919,245
Cleaning and sanitation	1,251,303	957,652	1,281,417	1,373,118	1,573,503	1,256,055
Computer expenses	417,511	1,537,359	4,112,057	5,121,500	3,664,391	3,345,941
Donations	2,086,686	3,807,080	3,506,339	2,694,213	3,406,114	1,824,563
Foreign travel	1,227,582	1,749,657	1,274,028	1,156,789	1,731,950	1,019,573
Local travel	4,234,976	822,960	6,085,818	8,811,054	11,187,133	7,178,313
Motor vehicle expenses	2,332,299	3,050,069	2,857,819	4,527,692	6,740,882	5,909,133
Petrol	7,745,158	7,909,809	9,078,878	9,109,081	10,272,074	5,462,113
Motor vehicle insurance	704,751	959,994	1,194,994	1,209,003	1,525,783	1,256,504
Insurance general	5,012,539	12,314,128	12,767,628	20,739,374	27,039,845	18,131,874
Rent	4,550,613	10,430,498	14,538,053	19,218,020	28,345,439	33,458,224
Repairs - building and furniture	1,779,507	3,221,346	1,893,047	2,886,011	2,807,741	3,643,965
Miscellaneous and office expenses	2,211,600	3,914,858	6,639,873	4,798,622	5,334,544	2,623,499
Courier Services	264,670	604,765	423,248	515,344	647,271	284,469
Security	4,574,028	7,929,739	10,163,984	10,893,689	12,846,925	9,919,393
Stationery	1,143,629	314,952	682,582	430,008	1,808,996	1,171,917
Electricity	6,855,741	8,168,772	8,886,607	7,472,232	8,297,705	7,258,626
Telephone	2,307,742	3,438,121	3,697,400	4,753,849	5,600,658	4,191,597
Water, trade licence and property tax	1,029,042	762,697	807,583	835,924	1,569,435	1,309,173
Bad debt provision	7,529,446	-	348,042	-10,509,370	8,122,588	1,632,177
Loss on disposal of asset	-	-	-	-	-794,604	-
Damaged goods and warranty expense	-	-	28,801,383	1,835,818	4,704,384	7,070,198
Depreciation	6,734,045	19,784,571	23,975,742	20,223,434	26,734,403	20,137,794
	185,882,891	254,214,506	315,843,571	306,789,249	391,624,409	299,941,682
Finance						
Bank/Loan Interest	22,601,185	32,290,728	41,388,214	43,932,939	52,221,221	26,027,430
Bank Charges	12,654,758	14,900,009	5,092,392	6,852,083	6,734,514	7,280,392
	35,255,943	47,190,737	46,480,606	50,785,022	58,955,735	33,307,822
Profit Before Tax	221,138,834	301,405,243	362,324,176	357,574,271	450,580,144	333,249,504
Taxation	42,265,964	59,920,981	43,387,168	9,783,057	35,287,439	30,896,537
Profit after tax	12,188,849	9,696,335	7,018,216	6,794,572	4,949,823	8,346,562
Dividend	30,077,115	50,224,646	36,368,952	2,988,485	30,337,616	22,549,975
	-	-	-	-	-	-
	30,077,115	50,224,646	36,368,952	2,988,485	30,337,616	22,549,975
Gross Profit %	39.55%	46.97% ²	43.20%	38.31%	40.58%	45.23%

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium	Revaluation Surplus	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance at 31 December 2011	181,000,200	33,500,000	93,917,216	53,197,791	361,615,207
Profit for year	-	-	-	30,077,115	30,077,115
Revaluation adjustment			(959,248)		(959,248)
Audited - Balance at 31 December 2012	181,000,200	33,500,000	92,957,968	83,274,906	390,733,074
Profit for year				50,224,646	50,224,646
Impairment Adjustment				40,241,504	40,241,504
Revaluation adjustment			(22,958,336)		(22,958,336)
Audited - Balance at 31 December 2013	181,000,200	33,500,000	69,999,632	173,741,056	458,240,888
Profit for year	-	-	-	36,368,952	36,368,952
Prior-year Adjustment - (Impairment - Inventory & Receivables)				(129,029,329)	(129,029,329)
Audited - Balance at 31 December 2014	181,000,200	33,500,000	69,999,632	81,080,678	365,580,510
Profit for year	-	-	-	2,988,485	2,988,485
Audited - Balance at 31 December 2015	181,000,200	33,500,000	69,999,632	84,069,163	368,568,995
Profit for year				30,337,613	30,337,613
Audited - Balance at 31 December 2016	181,000,200	33,500,000	69,999,632	114,406,776	398,906,608
Reorganisation Adjustment		(33,500,000)			(33,500,000)
Unaudited Profit for year-to-date				22,549,975	22,549,975
Un-audited - Balance at 30 September 2017	181,000,200	-	69,999,632	136,956,751	387,956,583

Cash Flow

	Audited					Un-audited
	2012	2013	2014	2015	2016	Sep-17
	\$	\$	\$	\$	\$	\$
Cash flows from operating activities:						
Profit after tax for the year	30,077,115	50,224,646	36,368,952	2,988,485	30,337,613	22,549,975
Adjustments for:						
Taxation expense	12,188,849	9,696,335	7,018,216	6,794,573	4,949,823	8,346,562
Unrealized foreign exchange (gain) /loss	-	3,715,326	(4,792,382)	(174,548)	(4,942,692)	-
Impairment of inventory	-	-	28,801,383	1,835,818	4,704,384	-
Depreciation and amortization	6,734,045	19,784,571	23,421,795	20,223,434	26,734,403	20,137,794
Gain on disposal of property, plant & equipment	-	-	-	-	(794,604)	-
Interest income	-	-	-	(132,800)	(53,957)	-
Interest expense	-	-	-	44,240,287	47,332,485	26,027,430
	<u>49,000,009</u>	<u>83,420,878</u>	<u>90,817,964</u>	<u>75,775,249</u>	<u>108,267,455</u>	<u>77,061,761</u>
Changes in:						
Intangibles	-	3,000	-	-	-	-
Inventories	(187,771,804)	(67,123,124)	(141,447,794)	(39,411,772)	(27,146,272)	11,397,375
Accounts receivable	6,155,554	(12,567,301)	(7,574,912)	(42,907,364)	7,469,624	16,946,384
Tax paid	(7,308,752)	(21,644,135)	(9,242,649)	(2,707,697)	(60,000)	(10,926,301)
Accounts payable	66,368,466	(16,000,139)	88,551,772	30,751,414	38,176,727	(22,272,056)
Short term loan	(11,562,738)	(19,792,545)	11,950,215	(8,764,631)	19,233,148	(15,367,082)
Cash generated by operations	<u>(85,119,265)</u>	<u>(53,703,366)</u>	<u>33,054,596</u>	<u>12,735,198</u>	<u>145,940,682</u>	<u>56,840,081</u>
Interest paid	-	-	-	(44,240,287)	(47,993,011)	(26,027,430)
Net cash (used)/provided by operating activities	<u>(85,119,265)</u>	<u>(53,703,366)</u>	<u>33,054,596</u>	<u>(31,505,089)</u>	<u>97,947,671</u>	<u>30,812,651</u>
Cash flows from investing activities:						
Interest received	-	-	-	132,800	53,957	-
Purchase of investment	-	(5,391,623)	(2,597,751)	(5,078,828)	(2,153,785)	(1,491,457)
Related party	-	-	(36,275,890)	(24,400,000)	(6,379,524)	(3,419,560)
Proceeds from disposal of property, plant & equipment	-	-	-	-	1,245,000	-
Purchase of property plant & equipment and leasehold	(56,229,419)	8,533,844	(39,123,696)	(19,639,127)	(9,698,325)	(3,753,166)
Cash used in investing activities	<u>(56,229,419)</u>	<u>3,142,221</u>	<u>(77,997,337)</u>	<u>(48,985,155)</u>	<u>(16,932,677)</u>	<u>(8,664,183)</u>
Cash flows from financing activities:						
Directors' loan	9,319,631	-	-	11,971,886	-	(564,043)
Finance Lease	9,052,480	(1,532,461)	(1,714,567)	-	-	-
Long-term loan	130,246,003	64,069,477	38,508,447	51,921,524	(89,574,057)	18,536,653
Cash provided by financing activities	<u>148,618,114</u>	<u>62,537,016</u>	<u>36,793,880</u>	<u>63,893,410</u>	<u>(89,574,057)</u>	<u>17,972,610</u>
Net decrease in cash and cash equivalents for year	7,269,430	11,975,871	(8,148,861)	(16,596,834)	(8,559,063)	40,121,078
Cash and cash equivalents at beginning of year	<u>(8,922,886)</u>	<u>(1,653,456)</u>	<u>10,322,415</u>	<u>2,173,554</u>	<u>(14,423,280)</u>	<u>(22,982,343)</u>
Cash and cash equivalents at end of year	<u>(1,653,456)</u>	<u>10,322,415</u>	<u>2,173,554</u>	<u>(14,423,280)</u>	<u>(22,982,343)</u>	<u>17,138,735</u>
Bank overdraft	(4,819,079)	(6,680,699)	(4,544,405)	(22,859,187)	(37,098,111)	(17,924,913)
Cash at bank	3,165,623	17,003,114	6,717,959	8,435,907	14,115,768	35,063,648
Cash and cash equivalents at end of year	<u>(1,653,456)</u>	<u>10,322,415</u>	<u>2,173,554</u>	<u>(14,423,280)</u>	<u>(22,982,343)</u>	<u>17,138,735</u>

SECTION 12: RISK FACTORS

Company business model

The Company operates in a highly competitive local industry. It aims to differentiate itself by its distribution partnerships with suppliers of international electric brands such as Siemens AG, General Electric, Philips, and Lamempulse. The Company is dependent on its contractual or course of dealings arrangements with these international suppliers and if any such relationship suffered or was terminated the Company's business and profits could be affected.

Key Personnel

It is important that the Company attracts and retains appropriately trained and/or skilled persons in order to operate its business model, which is predicated on good service delivered promptly. It is also important for the Company to replace personnel whose employment may be terminated for any reason within a reasonable time. In Jamaica, competition for appropriately skilled or qualified personnel can be intense, as there are a limited number of people with the requisite skills, knowledge and experience. The Company will need to attract and retain honest qualified personnel and/or recruit certain qualified personnel etc. Failure to recruit and retain qualified personnel could have a material adverse impact on the growth of the Company and its future financial prospects.

Macro - Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behavior of capital markets including the JSE and the market for securities the Company holds in its investment portfolio. If such policies become onerous from the point of view of the Company or its clients this could require the Company to change the types of products it offers, or the terms on which it offers them, or the overall nature of its business operations.

New Regulatory Rules or Standards

The Company and/or its products and services, may also become subject to new regulatory rules or standards that differ from those that are presently applicable. If such regulatory rules or standards become onerous from the point of view of the Company or its clients this could require the Company to recapitalize, or to change its business operations, and in any case, changes in such regulatory rules or standards may affect its long - term profitability.

New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is common to companies that apply International Financial Reporting Standards (IFRS), as required under the Jamaican Companies Act.

Volatility in Price of Shares/ Flat Trading

Following their proposed admission to trading on the Junior Market the Shares may experience volatility in their market price, or flat trading, being very infrequent 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 Shares may be negatively affected or constrained from growing.

Operational Risk

The Company is subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God social unrest). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer, network and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity. The Directors consider that the Company is prudent and that it insures itself against some (but not all) of these risks. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage maybe available or it is not economical to do so. In the case of products and services supplied to the Company, the Company may not always be able to recover consequential loss either under the law, contractually, or under any policies of insurance.

Risk of Catastrophic Events

Property and casualty insurers are subject to claims for property damage and business interruption arising out of natural disasters and other catastrophes, which may have a significant impact on their results of operations and financial condition. Natural disasters and other catastrophes can be caused by various events including, but not limited to, hurricanes,

earthquakes, tornadoes, wind, hail, fires and explosions, and the incidence and severity of natural disasters and other catastrophes are inherently unpredictable. The extent of losses from a catastrophe is a function of 2 factors: the total amount of insured exposure in the area affected by the event and the severity of the event. Most natural disasters and other catastrophes are localized; however, hurricanes, earthquakes and floods have the potential to produce significant damage in widespread areas.

Control of the Company by certain Directors

The transfer of the Shares in the Invitation will not confer legal or effective control of the Company on Applicants, having regard to the number and percentage of issued Shares retained by the Founders prior to and after the Invitation. The Company is controlled by the Founders.

Admission of the shares to the Junior Market of the JSE

After the Closing Date, and assuming that the Company is able to raise \$200 million as a result of the Invitation the Company will make application to the JSE to admit the Shares to the Junior Market. The application for listing is dependent on the success of the Invitation and other criteria set out in the Junior Market Rules. However, the Company is not able to guarantee the success of the Invitation or the admission of the Shares to the Junior Market. If the listing is not achieved, the Company will not be eligible for the remission of income tax described in the paragraph below.

Junior Market Taxation

If the Shares are admitted to the Junior Market of the JSE, the Directors anticipate that the Company will benefit from a 10-year concessionary tax regime that starts from the date of listing. The remission of tax requires the Company to meet the ongoing Junior Market requirements for at least 10 years from the date of listing and to remain listed on the JSE for 15 years. If the Company breaches the requirements it may be liable to repay all tax that was remitted.



SECTION 13: PROFESSIONAL ADVISERS TO THE COMPANY

Lead Broker and Financial Adviser

Stocks and Securities Limited

33½ Hope Road

Kingston 10

Auditor (2012 – 2016 financial years inclusive)

Yvonne Davis, Chartered Accountant

13 North Avenue

Kingston 5

Auditor (2017 financial year)

Crooks Jackson Burnett Chartered Accountants

Unit #9A, Seymour Park, 2 Seymour Avenue

Kingston 6

Attorneys to the Company in the Invitation

Patterson Mair Hamilton

Temple Court, 85 Hope Road

Kingston 6

Registrars and Transfer Agents

Jamaica Central Securities Depository

40 Harbour Street

Kingston

SECTION 14: STATUTORY AND GENERAL INFORMATION

- 14.1 Statutory information required to be set out in this Prospectus by section 42 and the Third Schedule to the Companies Act
1. The Company has no founders or management or deferred shares.
 2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.
 3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:
 - (a) The remuneration of the directors shall from time to time be determined by the Company in general meeting. 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 or any committee of the Directors or general meetings of the Company in connection with the business of the Company. The Directors may award special remuneration out of the funds of the Company to any Director going or residing abroad in the interest of the Company, or undertaking any work additional to that usually required of Directors of a company similar to the Company. (Article 82)
 - (b) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 84)
 - (c) 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 management 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 relation thereby established. (Article 97(5))
 - (d) 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 97(7))
 - (e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 100)
 - (f) 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 directors may determine. (Article 123)

4. The names and addresses of the Directors are as follows:
 Cecil Foster, 79 Molyne Road, Kingston 10, Jamaica
 Marion Foster, 79 Molyne Road, Kingston 10, Jamaica
 Steadman Fuller, 74 King Street, Kingston CSO
 Ian Kelly, Gwendon Park Estates, Kingston 8, Jamaica
 Peter Knibb, 2 Seymour Avenue, Kingston 6
 Rosalyn Campbell, 1a Sunset Drive, Kingston 8, Jamaica
5. The minimum amount required to be raised out of the proceeds of the Invitation (inclusive of calling on the underwriting commitment described in paragraph 18 below if necessary) 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 \$200 million.
6. The Invitation will open for subscription at 9:00 a.m. on Monday 4 December 2017 and will close at 4:00 p.m. on the Closing Date, Monday 11 December 2017 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 as described in this Prospectus.
7. All Applicants including Reserved Share Applicants will be required to pay in full the applicable price per Share as specified in the terms and conditions set out in Section 6.4 of this Prospectus. No further sum will be payable on allotment.
8. No previous offer of shares in the Company has been made to the public.
9. Save as set out in paragraphs 17 and 18 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.
10. As at 30 September 2017, being the date to which the Unaudited Financial Information of the Company is made up to, the Company held the following investments: Cash and equivalents \$35,063,648 and Investments of \$16,713,444.
11. 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 trademarks.
12. As at 30 September 2017, being the date to which the Unaudited Financial Information of the Company is made up to, the aggregate amount of indebtedness of the Company was as follows:

<u>Current Liabilities consisting of:</u>	<u>Non-Current Liabilities</u>
Trade Payables and Accruals \$275,651,790	Long term liabilities \$186,331,769
Taxation \$9,595,635	<u>Deferred Tax \$7,861,775</u>
Short Term Loans \$15,612,466	Total Non-Current Liabilities \$194,193,544
Current portion of Long Term Liability \$99,157,214	
<u>Bank overdraft \$17,924,913</u>	
<u>Total Current Liabilities \$417,942,018</u>	
13. In the period represented by the Audited Financial Information the Company paid no dividends on the Shares. The dividend policy of the Company is described in Sections 3 and 7.
14. There is no property that 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 for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.

15. Save as set out in paragraph 17 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.
16. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed \$13.5 million (inclusive of brokerage and financial advisory fees, legal fees, auditors' fees, Companies Registrar's fees, initial listing and other JSE and JCSD fees and GCT).
17. Within the last 2 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 or person in connection with the sale of Shares in the Company save for Stocks and Securities Limited, by virtue of a Mandate Agreement dated 22 August 2017. Under the Agreement SSL is entitled to receive a lead broker's fee of 2% of the value of the Invitation, exclusive of GCT and disbursements. All fees referred to herein are quoted exclusive of GCT, and disbursements.
18. The material contracts of the Company are set out in Section 7.10.
19. The external audit of the Company for the financial years 2012 – 2016 inclusive was performed by Yvonne Davis, Chartered Accountant, 13 North Avenue, Kingston 5. The external audit for the financial year 2017 will be performed by Crooks Jackson Burnett Chartered Accountants.
20. Yvonne Davis, Chartered Accountant and Crooks Jackson Burnett Chartered Accountants have each given and has not withdrawn her consent to the issue of this Prospectus with the inclusion of her name in the context in which it is included.
21. The Company was incorporated on 6 April 1993.

13.2 Taxation of Listed Shares

- Section 17(1)(d) of the Transfer Tax Act provides that transfers of shares made in the ordinary course of business on the Jamaica Stock Exchange will not attract transfer tax.
- The Schedule to the Stamp Duty Act provides that transfer documents in respect of share transfers made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.
- Dividends paid to residents of Jamaica are subject to withholding tax at the rate of 15% Such tax is to be withheld at source by the Registrar on behalf of the Company and paid over to the tax authorities. Shareholders who are exempt from the payment of tax should so specify in their Application setting out evidence of the exemption.

Prospective investors should seek advice on the taxation of listed companies and their prospective investment in the Company from a professional adviser, and should not rely on the summary set out above.

SECTION 15: DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected by appointment only, at the law offices of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date:

1. The Articles of Incorporation of the Company adopted 17 November 2017.
2. The Material Contracts described in section 7.10.
3. The Audited Financial Information.
4. The consent of the auditors to the inclusion of their names and references thereto in the form and context in which they appear in this Prospectus.

SECTION 16: DIRECTORS' SIGNATURES

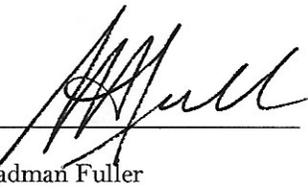
The Directors whose signatures appear below are individually and collectively responsible for the contents of this Prospectus:



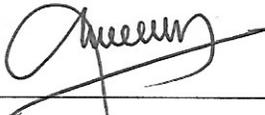
Cecil Foster



Marion Foster



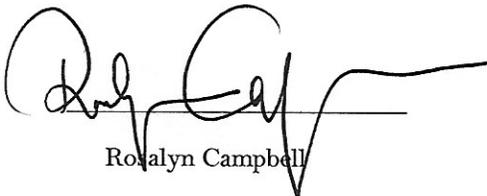
Stedman Fuller



Ian Kelly



Peter Knibb



Rosalyn Campbell

Appendix 1 - Application Form

- KEY PARTNER RESERVED SHARE APPLICANT
- COMPANY RESERVED SHARE APPLICANT
- LEAD BROKER RESERVED SHARES



PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: FOSRICH COMPANY LIMITED (“FosRICH” or the “The Company”)

Re: Invitation for Subscription in respect of up to 100,455,111 Ordinary Shares at J\$2.00 each being offered made pursuant to the Prospectus dated and registered on or around 20th November, 2017. 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 ordinary shares in FosRich 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 name(s) 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 ordinary shares and processing fee as indicated above.

I/We agree to accept the same or any smaller number of 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 , by which I/we agree to be bound. I/We request you to sell and transfer to me/us the number of 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 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

BROKER CODE

PRIMARY HOLDER DETAILS

PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)

TITLE

TAXPAYER REGISTRATION NUMBER

CITIZENSHIP

NATIONALITY

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

MAILING ADDRESS LINE 1

MAILING ADDRESS LINE 2

MAILING ADDRESS LINE 3

CITY (E.G. KINGSTON)

POSTAL CODE (E.G. 6)

TELEPHONE NUMBER (HOME)

TELEPHONE NUMBER (WORK)

TELEPHONE NUMBER (CELL)

SIGNATURES:

INDIVIDUAL: _____

DATE SIGNATURE AFFIXED: _____

COMPANIES (COMPANY SEAL OR STAMP REQUIRED):

DIRECTOR: _____ **DIRECTOR/SECRETARY:** _____ **DATE SIGNATURES AFFIXED:** _____

USE BY REGISTRAR ONLY

Form ID:

Batch #

PLEASE CONTINUE ON REVERSE TO COMPLETE JOINT HOLDER INFORMATION

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 PROCESSING FEE PER APPLICATION SUBMITTED

THIS OFFER IS NOT MADE TO PERSONS RESIDENT OUTSIDE JAMAICA

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

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. All completed applications must be delivered to Stocks & Securities Limited (“SSL”), 33 1/2 Hope Road, Kingston 10
2. Applications that are not from the Reserved Share pool must be for a minimum of 5,000 shares and be made in multiples 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 Shares they have applied for, in the form of either:
 - A. A Manager’s cheque made payable to “Stocks and Securities Limited” or
 - B. Authorization on the Application Form from the Applicant instructing SSL to make payment from cleared funds held in an investment account in the Applicant’s name at SSL, or
 - C. Transfer in the Real Time Gross Settlement (“RTGS”) system to designated account for the purposes of payments of \$1 million or more. Please contact your broker for details
3. 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.
4. 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.
5. Share Certificates will not be issued unless specifically requested through your broker. Instead, the 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 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
6. 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.

THIS SECTION FOR USE BY BROKER ONLY

DATE APPLICATION RECEIVED: _____

TIME RECEIVED: _____

PAYMENT METHOD: CHEQUE / AUTHORISATION LETTER

CHEQUE NUMBER OR LETTER DATE: _____

PAYMENT VALUE: _____

POOL: _____

BROKER STAMP AND SIGNATURE: