DERRIMON
TRADING CO. LTD.

EVOLUTION & EXPANSION

ANNUAL REPORT 2021

Mission

To provide a wide portfolio of products and services that will add value for our customers and suppliers. We will accomplish this through the empowerment of our staff, encouraging innovation and rewarding productivity in our drive to become a world class company.

Vision

Through God's guidance to become a major company with world class performance standards, demonstrating the highest levels of integrity in all business practices and interactions with customers, suppliers, employees and the society at large.

Values

- Our Word is our bond
- We go the Extra Mile for all our stakeholders with a spirit of Love
- We are always Transparent
- We work Together to achieve our goals
- We accept Responsibility
- We display the highest Ethical Standards at all times
- We strive for Excellence in all that we do
- We understand that actions speak louder than words. So, at Derrimon:
- We inspire trust.
- We keep it simple.
- We are open and inclusive.
- We tell it like it is.
- We lead from the head and the heart.
- We discuss. We decide. We deliver.

Chairman's Report

Fellow shareholders, I would like to thank you for your steadfast support over the past year. Year two of the Covid-19 pandemic not only required support from all our shareholders but from all stakeholders in general. Additionally, skillful management, strategic execution and strong mental resolve from our team members played a critical role in our maneuvering of the macro-economic situation. I am indeed very proud of the efforts of everyone and such exemplary behaviour definitely aided the Derrimon Group of Companies in overcoming the challenges faced in 2021.

We successfully completed our Additional Public Offer in the first quarter of the year. This could not have been accomplished without the impressive work of Barita, our lead broker, and our finance team led by our CFO, Mr. Ian Kelly. The successful raising of new capital was critical for the Group to take the next step in its evolution and the support we received from the wider public was appreciated.

We welcomed our newest acquisitions to the Group, FoodSaver New York and Good Food for Less, during the year. These acquisitions marked our entry into the oversees market and will be pivotal in our immediate and long-term strategic plans.

Our pre-existing subsidiaries (Woodcats and Caribbean Flavours & Fragrances) continue to layout their strategic roadmap and we are confident that their dominant market share will continue to positively impact the performance of the Group. The Retail & Distribution arm of the business continue to innovate and provide value for our customers and this can only augur well for our future.

2022 will certainly have its challenges but our team remain unwavering in our objectives. There are many product innovations on the horizon and we anticipate that these will provide affordable options to the market which will be well received.

In 2023, the company will celebrate 25 years of operation. Reflecting on the genesis and growth of the company brings a sincere smile to my face. We have been able to positively impact so many lives and that is truly more rewarding than any financial accomplishment.

We are eager to continue building with our stakeholders and look forward to celebrating our 25th anniversary together.

Regards,

Derrick Cotterell
Chairman & Chief Executive Officer

Skillful management, strategic execution, & strong mental resolve played a critical role in our economic efforts.

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Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of DERRIMON TRADING COMPANY LIMITED (the “Company”) will be held on September 28, 2022, at 10:00 am at the Terra Nova All-Suite Hotel to consider, and if thought fit, to pass the following resolutions: -

Ordinary Business: Resolutions 1 – 4

1. **To receive the audited accounts for the year ended 31 December 2021.**

   Resolution 1 – Audited Accounts
   “THAT the audited accounts for the year ended 31 December 2021, together with the reports of the directors and auditors thereon, be and are hereby adopted.”

2. **To elect Directors**
   The Directors retiring by rotation pursuant to the Articles of Incorporation are Monique Cotterell, Ian Kelly, Winston Thomas, and Paul Buchanan who being eligible offer themselves for re-election.

   Resolution 2a – Re-appointment of Monique Cotterell
   “THAT the retiring Director, Monique Cotterell, be re-elected a Director of the Company.”

   Resolution 2b – Re-appointment of Ian Kelly
   “THAT the retiring Director, Ian Kelly, be re-elected a Director of the Company.”

   Resolution 2c –Re-appointment of Winston Thomas
   “THAT the retiring Director, Winston Thomas, be re-elected a Director of the Company.”

   Resolution 2d –Re-appointment of Paul Buchanan
   “THAT the retiring Director, Paul Buchanan, be re-elected a Director of the Company.”

3. **To fix the remuneration of the Directors**

   Resolution 3 – Directors’ Remuneration
   “THAT the Board of Directors of the Company be and are hereby authorised to fix the remuneration of the individual Directors.”

4. **To re-appoint Auditors and fix their remuneration.**

   Resolution 4 – Re-appointment of Auditors
   “THAT Baker Tilly, Chartered Accountants, having agreed to continue in office as Auditors of the Company, be and are hereby re-appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Board of Directors of the Company.”

Dated the 14th day of June 2022

by Order of the Board

Secretary

Notes:

(1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. Such proxy need not be a member of the Company.

(2) A member most lodge his Proxy Form with the Secretary at 235 Marcus Garvey Drive, Kingston 11, Jamaica not less than 48 hours before the Meeting, but if not so lodged, it may be handed to the Chairman of the Meeting.

Directors' Report

The Board of Directors of Derrimon Trading Company Limited (Derrimon/DTL) is pleased to submit our report for the financial year ended December 31, 2021, to our shareholders. This was a fruitful year for Derrimon Trading. We navigated many uncertainties and challenges faced as a result of the Covid-19 pandemic and our resilience demonstrated that we are a strong and agile Group of Companies.

SOME HIGHLIGHTS OF OUR 2021 ACHIEVEMENT INCLUDE:

J$4.026 billion
Successfully raised from the Additional Public Share offering

Finalising acquisition and taking on the operation of **FoodSavers New York** and **Good Food for Less.**

Commencing the plan to acquire **Spicy Hill Farms Limited**.

Appointment of new Directors for both Derrimon and new subsidiaries.

Liquidating and restructuring of the debt and equity structure of DTL.

This report incorporates the results of the activities that were implemented in 2021, and the consolidated returns from Woodcats International Company Limited, Caribbean Flavours & Fragrances Company Limited, Marnock LLC, and Marnock Retail.

FINANCIAL RESULTS

The Statement of Comprehensive Income shows profit after tax of $214.32 million for the Company, and $448.18 million for the Consolidated Group. The financial and operational results continued to solidify the Board's growth strategy and the diversification of channels and business segments, which is critical to our future. The completion of various acquisitions during this financial year is a testament to the Board's vision and decision making. The diversification of the Group's revenue stream by currency is an important mandate of this Board. We have set a target to have 50% of our revenues being derived from overseas by the financial year ending 2025. The growth strategy within the North American markets is very deliberate and clear given the risk and audit frameworks which have been established by this Board.

There is also a focus on growth within the manufacturing space, and the Board and management team have been empowered to find businesses within this sector that perfectly match our long-term strategy. The strategy to finalise the due diligence on Spicy Hill Farms Limited and to grow same to support both the domestic and export markets were perfect alignments. We will continue to pursue other opportunities that we know will be complementary to our current distribution and retail operations for both the local and international markets in which we operate.

Growth and sustainability are important pillars which underpin the Board's mandate, and we continue to devise policies that will support the long-term sustainability of this mandate. We established key performance indicators for each of our strategies and managed outcomes based on various tools as well as the assessment of results, which are presented by our Board Committees and Management Reports. We achieved revenues of $11.038 billion and $17.745 billion for the Company and Group respectively, whilst achieving gross profits of $1.739 billion and $3.409 billion respectively, for the Company and Group.

This is commendable given the fact that the distribution portfolio was restructured during the end of the first quarter of the financial year. The Group's position has been strengthened with new initiatives and business lines which will be implemented in the new financial year. This will place the Group in a favourable position going forward.

Our Board remains proud of the commitment of our entire team and the steadfast execution of strategies within this financial year, and look forward to the growth to be derived in the future.

During this financial year, our portfolio growth required further strengthening of our cadre of Directors and as such, three (3) new Directors: Messrs. Howard Mitchell, Stephen Phillibert and Mrs. Tania Waldron-Gooden, were appointed.

We also established two (2) new Board Committees - a Project Committee and Corporate Governance Committee with specific mandate.

DIRECTORS

The Directors of the Company as at December 31, 2021 are:

Derrick F. Cotterell	Chairman & Chief Executive Officer
Earl A. Richards	Non-Executive Director
Alexander I.E. Williams	Non-Executive Director
Paul Buchanan (Jnr.)	Non-Executive Director
Winston Thomas	Non-Executive Director
Howard Mitchell	Non-Executive Director
Stephen Phillibert	Non-Executive Director
Tania Waldron-Gooden	Non-Executive Director
Monique Cotterell	Executive Director/Company Secretary
Ian C. Kelly	Executive Director/Group CFO

AUDITORS

The Auditors of the Company, Bakertilly of 9 Cargill Avenue, Kingston 10, Jamaica, served as Auditors during the reporting period. They have indicated their willingness to serve for the next financial year based on the three (3) year bid which was previously submitted and recommended by the Board's Audit and Risk Committee.

We wish to extend our special thanks to all existing and new shareholders for the confidence that you all continue to express in Derrimon Trading Company Limited. The success of the most recent Additional Public Offering is a testament to your commitment to the growth of our Company and we remain eternally grateful for your confidence. We look forward to a mutually rewarding relationship for the coming year and beyond, and will work together to ensure that your value is enhanced.

We acknowledge and extend our appreciation to the committed efforts and hard work of the members of staff and thank our customers, suppliers, bankers and financial advisors, consumers, and all other stakeholders for your continued support.

On behalf of the Board,

. . . .

Derrick F. Cotterell
Chairman/Chief Executive Officer

5-Year Statistical Highlights

	2021 (J$'000)	2020 (J$'000)	2019 (J$'000)	2018 (J$'000)	2017 (J$'000)
Income Statement					
Revenues	17,744,717	12,777,464	12,649,017	9,303,460	6,723,810
Gross Profit	3,409,208	2,482,663	2,278,834	1,691,033	1,335,800
Total Operating Expenses	2,730,021	1,843,487	1,687,679	1,303,213	1,141,231
Profit before taxation	555,719	355,189	345,726	281,845	281,796
Net Profit	448,183	311,089	302,708	277,213	281,796

Balance Sheet					
Total Assets	11,509,215	7,415,814	5,782,684	4,048,095	2,887,199
Capital	5,762,167	1,603,937	1,333,512	1,218,236	1,033,175
Total Assets less Current Liabilities	9,272,721	5,207,693	4,069,001	2,083,974	1,789,492

Select Ratios					
Gross Profit Margin	19.21%	19.43%	18.02%	18.18%	19.87%
EBITDA Margin	6.40%	7.64%	6.27%	5.78%	7.49%
Current Ratio	2.42	2.16	2.15	1.53	1.93
Quick Ratio	1.22	1.17	0.98	0.88	1.20
Debt to Equity	0.70	3.12	2.60	1.37	1.01

Corporate Data

REGISTERED OFFICE

Derrimon Trading Company Limited
235 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: (876) 937-4897-8
Tel: (876) 901-3344
Email: info@derrimon.com
Website: www.derrimon.com

ATTORNEYS-AT-LAW

Alexander Williams & Company
Unit 6A, Seymour Park
2 Seymour Avenue
Kingston 6, Jamaica

AUDITORS

Bakertilly
9 Cargill Avenue
Kingston 10, Jamaica

BANKERS/FINANCIAL ADVISORS

Bank of Nova Scotia
86 Slipe Road
Kingston 5, Jamaica

National Commercial Bank
37 Duke Street
Kingston, Jamaica

Sagicor Bank
17 Dominica Drive
Kingston 5, Jamaica

JMMB Bank (Jamaica) limited
6-8 Grenada Way
Kingston 5, Jamaica

Barita Investments Limited
60 Knutsford Boulevard
7th Floor, PanJam Building
Kingston 5, Jamaica

REGISTRAR & TRANSFER AGENTS

Jamaica Central Securities Depository
40 Harbour Street
Kingston, Jamaica

BOARD OF DIRECTORS

Executive Directors

Derrick Cotterell, M.B.A., B.Sc.
Chairman & Chief Executive Officer

Monique Cotterell, B.Sc.
Company Secretary & Human Resource Director

Ian Kelly, CPA, M.Sc., B.Sc.
Chief Financial Officer

Non-Executive Directors
Alexander I.E. Williams, LL.B, C.L.E
Earl Richards, CD, M.B.A, B.A.Sc.
Winston Thomas, B.Sc.
Paul Buchanan (Jnr.), BAA
Tania Waldron Gooden, M.B.A, B.Sc.
Howard Mitchell, CD, JP, LL.M, B.Sc.
Stephen Phillibert, CFA, M.B.A, B.Sc.

LIST OF SENIOR OFFICERS

Derrick Cotterell, M.B.A., B.Sc.
Chairman & Chief Executive Officer

Monique Cotterell, B.Sc.
Company Secretary & Human Resource Director

Ian Kelly, CPA, M.Sc., B.Sc.
Chief Financial Officer & Divisional Director - Retail

Craig Robinson, M.B.A., B.Sc.
General Manager, Retail Division

Sheldon Simpson, M.B.A., B.Sc.
General Manager, Distribution Division

Janice Lee, M.B.A., PGDip
General Manager, Caribbean Flavours & Fragrances Limited

Peter Douglas, AAT
General Manager, Woodcats International Limited

John Paik, MAcc, B.Sc.
General Manager, FoodSaver NY & Good Food for Less

Otema Thompson, M.B.A, B.Sc.
Group Financial Accountant

Verona Howell, B.Sc.
Group Management Accountant

Rockey Allen, JP
Group Facilities & Security Manager

Kim Lee, B.Sc.
Group Chief Marketing Officer

Jermaine Thomas
Group Chief Information Officer

Corporate Data continued

SEGMENT LOCATION

SAMPARS MARCUS GARVEY DRIVE
233 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: (876) 923-8733
Fax: (876) 757-8853
Email: contactus@samparsja.com
Website: www.shopsampars.com

SAMPARS CROSS ROADS
1-3 Retirement Road
Kingston 5, Jamaica
Tel: (876) 960-1309-11
Fax: (876) 960-1312

SAMPARS OUTLET WASHINGTON BOULEVARD
8-10 Brome Close
Kingston 20, Jamaica
Tel: (876) 931-9121-2
Fax: (876) 941-3862

SAMPARS OUTLET - WEST STREET
62 West Street
Kingston, Jamaica
Tel: (876) 967-5403/948-3517

SAMPARS OLD HARBOUR
3 Arscott Drive,
Old Harbour, St. Catherine, Jamaica
Tel: (876) 983-0469
Fax: (876) 745-2103

SAMPARS ST. ANN'S BAY
3 Harbour Street, St. Ann's Bay
St. Ann, Jamaica
Tel: (876) 972-8825
Fax: (876) 972- 0156

SAMPARS OUTLET - MANDEVILLE
26 Hargreaves Road,
James Warehouse Complex
Mandeville, Manchester, Jamaica
Tel: (876) 631-1047
Fax: (876) 631-1048

SELECT GROCERS
184 Constant Spring Road
Manor Park Plaza
Kingston 8, Jamaica
Tel: (876) 622-9676
Tel: (876) 631-0226

SUBSIDIARY LOCATION

CARIBBEAN FLAVOURS & FRAGRANCES LIMITED
226 Spanish Town Road
Kingston 11, Jamaica
Tel: (876) 937-0366

WOODCATS INTERNATIONAL LIMITED
235 Marcus Garvey Drive
Kingston 11, Jamaica
Tel: (876) 922-3340
Tel: (876) 922-1946

MARNOCK LLC & MARNOCK RETAIL LLC
402 E. 83rd Street
Brooklyn, NY 11236

Corporate Governance

The Covid-19 pandemic and the emerging technology solutions continue to change the way that business is conducted. The mantra of always working to maintain accountability, transparency, ethics, and compliance continue to be the guiding principles of our Company. During this reporting period, our Board adapted to numerous changes whilst ensuring that policy and oversight responsibilities were effectively carried out. The adaptation to the change in the way that meetings were held, from physical interactions to the use of digital platforms, was effectively utilised in the decision-making process of both the Board and all its committees. Derrimon Trading Company Limited ensured that compliance of Corporate Governance Policies and Framework remained one of its highest priorities.

The Board's overarching responsibility is to ensure that the management of Derrimon Trading Company Limited continues to operate in a manner that results in increased shareholder value to all stakeholder groups. The approval of policies, and the active monitoring and evaluation of management practices of the Company, are critical functions. Additionally, decision-making processes and the execution of corporate strategic objectives are performed to ensure that the financial trajectory of the Company is maintained, and business plans are executed within the requisite time frame.

We rely on and continue to utilise the various Board Committees to robustly monitor the financial policies, business strategies, internal controls, and risk management policies. The provision of entrepreneurial leadership, strategic direction and guidance are critical components that the Board recognizes as some of its key roles to create and maintain long-term shareholder value and confidence. We embrace transparency, accountability and global industry trends at all times in the operations of the business, and keep abreast of the changing trends of technology and its impact on profitability and safe work-life practices.

Derrimon Trading Company Limited is led by an effective Board of Directors who are responsible for the stewardship of the Company. They are experienced professionals with diverse skill sets and knowledge from various professions. Their combined experiences ensure that the Board and Board Sub-Committees' decisions are made objectively and that all such decisions protect the interests of all stakeholders and the long-term success of the Company.

Succession planning for our Board members and senior management remains a top priority and will enable us to attract, mentor and retain a diverse range of highly talented colleagues. This is important to the Organisation to ensure that it can deliver its strategic plans, pivot as the need arises and respond effectively to challenges in the long term.

Each Director is required to have an in-depth knowledge and understanding of all aspects of the Company's business.

Board Functions

Areas of Responsibilities

The Board, reviews and approves key policies and decisions of the Company, in particular:

- Corporate Governance;
- Compliance with laws, regulations and the Company's Code of Conduct;
- Corporate Citizenship;
- Strategy and operational plans;
- Business development, acquisitions and expansions;
- Finance and treasury;
- Appointment and removal of Directors;
- Remuneration of Executive and Non-Executive Directors;
- Risk management;
- Financial reporting and auditing;
- Succession planning for its Executive Chairman and other senior executives;
- Technical - supply chain management, sales and marketing, customer service, trade and retail sales; and
- Industry Experience - logistics, distribution, international trade, foreign exchange leveraging.

The Chairman of the Board is responsible for the effective operations and leadership of the Board, and acquiring sufficient information to make informed decisions in keeping with the Company's mandate. The Chairman provides invaluable support to the executive and senior management teams and ensures that new Directors receive adequate and appropriate training and induction into Derrimon Trading Company Limited.

The Company Secretary ensures that the Board's processes and procedures are appropriately followed and supports effective decision-making and governance in keeping with laws and best practices. The Secretary is appointed by the Board and may only be removed by the Board. All Directors have equal access to the Company Secretary's advice and services, and there is no formal procedure for a Director to obtain independent professional advice in the course of their duties.

Board members are required to commit sufficient time to prepare for and attend meetings of the Board and its Committees or Sub-Committees. Regular attendance at the Board Meetings is mandatory. Given the restrictions of Covid-19, the alternate mode for the holding of Committee and Board Meetings, via digital platforms, was engaged in 2020, and continued in the 2021 financial year.

Each Director is required to have an in-depth knowledge and understanding of all aspects of the Company's business in order to make informed and objective decisions. The preparation of detailed and timely reports, in relation to the operational activities of the Company, is the responsibility of management for review and analysis by Directors. Board Members have complete access to the management team of the Company through the Executive Chairman and are encouraged to keep abreast of all areas of the Company's operations.

Selection, Size and Composition of the Board

Members of the Board continue to be selected based on their professional and industry expertise and as such are ideally capable to advise and act in the interests of all stakeholder groups. We reviewed the governance structure, given the growth trajectory of the Company and Group, and further strengthening of the Board was done. Three (3) new Directors were appointed to the Board of Directors as follows:

- **Mr. Howard Mitchell**
- **Mr. Stephen Philibert**
- **Mrs. Tania Waldron-Gooden**

These Directors have fulfilled all the specific requirements of the new Board Charter, were unanimously approved by the Board and appointed as required by the rules of The Jamaica Stock Exchange. They presently provide valuable expertise to the Board and its various committees.

As at December 31, 2021, the Board comprised of ten (10) members; three (3) Executive Directors, including the Executive Chairman and seven (7) Non-Executive Directors. We are confident in the Board's ability and it continues to provide guidance based on its collective knowledge and expertise. Given the size of the Organisation, and the environment in which it operates, the Board is confident that the new complement of its membership is adequate.

Executive and Non-Executive Directors

The number of Executive Directors should at no time exceed 50% of the total number of Board Directors. This was the case as at the end of the December 31, 2021 reporting period.

Conflicts of Interests/Disclosure

All transactions involving the Company's shares by any Director, must be promptly reported to the Company Secretary who is obliged to disclose such information regularly to the Jamaica Stock Exchange. This was done and all trading of the Company's shares by Directors and senior management were reported to the Jamaica Stock Exchange during this financial year, where applicable.

Directors should not trade in the Company's shares during the one (1) month period prior to the release of quarterly Financial Statements, and in the case of the Audited Accounts, two (2) months prior to such release or any their time that the Company has an embargo on trading. No trading shall occur between the time a dividend is considered and the time in which that information is provided to the Jamaica Stock Exchange. No reports were filed to the Jamaica Stock Exchange during this reporting period.

A Director who has an interest in the Company, or in any transaction with the Company, that could create or appear to create a conflict of interest, must disclose such interest to the Company. This includes:

- Any interest in a firm or charity that does substantial business with the Company;
- Any interest in contracts or proposed contracts with the Company;
- Any interest in securities held by the Company
- Emoluments other than Board fees received from the Company; and
- Loans or guarantees granted by the Company to/for the Director.

With the revision of our Corporate Governance structure and business growth, a Projects Committee and Corporate Governance Committee were established during this financial year

Disclosures shall be made at the first opportunity in the next scheduled Board Meeting in writing and such disclosure shall be recorded in the Minutes of the Board Meeting. The Director is required to excuse himself/herself from the Board Meetings where the Board is deliberating over any such contract and shall not vote on any such matter. If a conflict exists and is unable to be resolved, the Director should resign. No such activities occurred during this reporting period.

Election, Terms, Re-election and Retirement

Election, terms, re-election, and retirement of each Board Member is conducted in keeping with the Articles of Incorporation of the Company, with the exception that each Board Member is to retire during the financial year when the Directors will reach the age of 70 years.

Board and Executive Compensation

Compensation of the Executive and Non-Executive Directors reflects the time, commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Directors of the quality required. The compensation is competitive and subject to review relative to what is being paid in comparable positions elsewhere. The Company undertook none of this activity, through the Human Resources and Compensation Committee in 2021, as there was no proposal which required this Committee's adjudication during this financial period.

Access to External Advisors and Funding

The Company continues to utilise and rely on the services of external expertise to make decisions when such expertise is not available in-house. The Company ensures that funds are available to the Board for any such expertise, and in particular to the Non-Executive Directors as is reasonably required for them to objectively make decisions.

Succession Planning

The Board has full responsibility to ensure that the business is managed well at all times and that succession plans and potential candidates are identified for all Senior Executives, inclusive of the Executive Chairman.

Should the Executive Chairman or the Chief Financial Officer demit office due to an emergency, the Board will convene at the earliest possible time, no more than two (2) weeks after such an event, with a view to appoint an interim or permanent successor to that post.

Code of Conduct

The Board expects all Directors, as well as officers and employees, to act ethically at all times and to adhere to all codes and policies that describe the values and principles of Derrimon Trading Company Limited, namely:

- Respect and dignity
- Trust
- Communication
- Teamwork and appreciation
- Professionalism
- Good value
- Group pride

Board Meetings and Committees

Meetings

It is the responsibility of the Chairman and Company Secretary to establish and produce an agenda for each Board meeting, inclusive of items brought forward by members of the Board. Submission of specific matters and other information relevant to members' understanding of the business, should be made to the members electronically and/or in writing prior to each Board meeting – where adequate preparation can be made for focused discussion. Where the subject matter is of a sensitive nature, the presentation will be delivered in person, at the meeting.

Despite the Covid-19 restrictions, the full Board is required to convene for its regular Board meetings in person or via its digital platform. The Board can choose to meet at more frequent intervals, as is necessary. The move from face-to-face meetings to the new digital platform for meetings of the Board and its Committees became the norm in 2021, and four (4) meetings were held during this reporting period.

The Board encourages the inclusion of Company Managers in Board meetings, where assistance is rendered to Board members in the execution of their responsibilities with the provision of additional insight into items for discussion and/or for exposure, on recommendation from senior management where future potential is seen.

The Board has several committees, each with clearly defined terms of references, procedures, responsibilities, and powers. With the revision of our Corporate Governance structure and business growth, a Projects Committee and Corporate Governance Committee were established during this financial year.

Audit and Risk Management Committee

On behalf of the Board, the Audit and Risk Management Committee shall:

- Review the Company's annual and interim financial statements and related assumptions, and any accompanying reports or related policies and statements;
- Monitor and review the effectiveness of the Company's internal audit function;
- Monitor and review the External Auditor's independence, objectivity and effectiveness;
- Develop and implement policy on the engagement of the External Auditor to supply non-audit services;
- Approve the Company's risk management policy which defines the Company's risk appetite and level of risk tolerance; and
- Monitor the adequacy and effectiveness of the Company's system of risk management and control.

The majority of members of the Audit Committee shall consist of Non-Executive Directors of the Company duly appointed by the Board. The Board shall also appoint the Chairman and Secretary of the Audit Committee. The Board Chairman shall not be a member of the Committee. The Committee shall consist of not less than three (3) members.

The Audit Committee shall meet at least four (4) times a year within forty-five (45) days of the end of each quarter, and at such other times as may be required.

The Audit Committee shall review all financial statements and matters, which are of significant importance to the investing public. The full Board will have responsibility and accountability for the final release of such information. This Committee met four (4) times during the financial year ended December 31, 2021.

During this financial year, the agreement with Bakertilly was renewed as our External Auditors and was approved by the Board Committee, full Board of Directors and also at the last Annual General Meeting. They are also recommended to serve for the new financial year. The Company has in its employ a team with responsibility to undertake its internal audit functions with a focus on daily inventory and periodic cash validation, and all results are reported to the Audit Committee which is chaired by Mr. Earl Richards. Other members of the Audit Committee include Mrs. Tania Waldron-Gooden, Messrs. Paul Buchanan Jnr. and Ian Kelly. Periodic invitations are extended to Mr. Otema Thompson, Group Financial Manager.

Compensation and Human Resources Committee

The Human Resources & Compensation Committee shall:

- Review the performance of the Executive Directors and the Senior Executives of the Company on at least an annual basis;
- Report the findings once per annum at a regular Board Meeting; and
- Comprise a majority of Non-Executive Directors.

This Committee is chaired by Mr. Alexander Williams with support from Mrs. Tania Waldron-Gooden, Mrs. Monique Cotterell and Mr. Winston Thomas. There was one (1) meeting of this Committee during the reporting period.

Projects

The Projects Committee was established as a standing committee of the Board. The Committee exercises an independent review function to assist Derrimon in fulfilling all its project related oversight responsibilities. The key objective of the Projects Committee is to assist the Board of Directors in fulfilling its fiduciary and oversight responsibilities for all of Derrimon's local and international enterprise projects. The Committee will act in an advisory capacity to the Board by reviewing, overseeing and monitoring all development projects, all mergers and acquisitions, disposals of or rehabilitation of business ventures, taking into consideration the short and long-term strategic vision of the Company. All recommendations made by the Committee should be in line with all operational regulations and legislations, as required.

The Project Committee will have the following duties and responsibilities:

1. The Committee shall monitor, evaluate, advise and make recommendations to the Board on all projects and related policies of the Organisation, and shall consider any other matter delegated to the Committee by the Board.
2. The Project Committee shall have general responsibilities for reviewing and recommending to the Board:
   - To consider all projects related to acquisitions and mergers and any other projects as determined by the Board from time to time.
   - To review appropriate systems and procedures which will assist Derrimon to identify the appropriate resource requirements of the Company for each project.
   - To consider the appropriate allocation of resources for projects and table these recommendations to the Board to facilitate decision making.
   - To make clear recommendations and prioritize disposal of assets that are not adding value to the long-term sustainability of the Company.
   - To review and ensure appropriate due diligence is conducted on projects before making a recommendation to the Board of Directors.

- To review all policies and procedures relating to the Company's project management.
- To support the policy direction of the Board by way of ensuring the effective packaging of the Company's assets, where required.
- Understand and appreciate the investor community for the purpose of proper promotion and advancement of various assets.
- Assess the local and global business and economic environments and appetites for investment relative to the mandate of the Company.
- To monitor the Derrimon business continuity processes and procedures, ensuring these are tested and in line with policy requirements.

Corporate Governance

The purpose of the Governance Committee is to ensure that there is a robust and effective process for evaluating the performance of the Board, Board Committees and individual Directors, and to ensure that the Board fulfils its legal, ethical and functional responsibilities.

This Committee will be appointed by the Board and will comprise five (5) members, the majority of whom will be members of the full Board. A quorum will be three (3) members. The Board may remove or replace any member at any time. The Chair of the Governance Committee will be selected by the Board.

The Governance Committee is responsible for advising the Board on effective governance of the Organisation through:

- Developing and reviewing governance policies and procedures;
- Recruiting suitable board members;
- Providing induction and training programs for board members; and
- Regularly reviewing the performance of the Board as a whole and evaluating the contribution of individual members.

The Company continues to benefit from the sterling contribution of its Mentor, a requirement of the Junior Market Rules of the Jamaica Stock Exchange, who also served as a Non-Executive Director.

Derrimon Trading Company Limited has established policies and procedures to ensure timely and full disclosure of all matters concerning the Company to the relevant authorities. The Company also ensures that investors have access to information on the Company's financial performance. These policies and procedures address areas of materiality of any matter and the impact that such matter may have on the price of the Company's stock.

During this financial period, Board meetings were held and the attendance of each member is outlined in the table below for the various Committees:

Board Member	Board Meeting	Audit & Risk	Corporate Governance	HR & Compensation	Projects
Derrick Cotterell	4	X	X	X	1
Monique Cotterell	4	X	X	1	X
Earl Richards	4	4	X	X	1
Winston Thomas	3	X	1	X	X
Alexander Williams	4	X	1	1	X
Paul Buchanan	3	4	1	1	1
Howard Mitchell	1	X	1	X	1
Stephen Philibert	X	X	X	X	X
Ian Kelly	4	4	X	X	1
Tania Waldron-Gooden	3	2	X	1	1

Establishing and maintaining practices that foster a culture within the Company whereby personnel at all levels are aware of the relevant policies and support the highest standards of performance and accountability.

The Chairperson for each Committee is as follows:

- **Audit and Risk Management**
  Mr. Earl Richards
- **Projects**
  Mr. Paul Buchanan
- **Corporate Governance**
  Mr. Howard Mitchell
- **Compensation and Human Resources**
  Mr. Alexander Williams

Risk Management

Derrimon Trading Company Limited understands and appreciates that rigorous risk management practices are critical in ensuring the viability and stability of the Company. Our risk management practices have also served to ensure the maintenance of our competitive advantage within the embarked place. We have established systems and policies to manage identifiable risks, which are strictly adhered to and remain an essential part of our Company's operations. The risk management approach undertaken by the Company includes:

- Establishing and maintaining practices that foster a culture within the Company whereby personnel at all levels are aware of the relevant policies and support the highest standards of performance and accountability
- Adoption of an integrated approach to risk management whereby risk management is an integral part of all key organisational processes;
- Safeguarding of the Company's assets namely human, property, reputation, and intellectual;
- Rewarding the achievement of the Company's strategic and operating plan through an effective balance of risk and reward; and
- Rigorous compliance with statutory and regulatory obligations.

The Board has full responsibility for the Company's internal control systems and for monitoring its effectiveness through various established committees. The systems that are implemented by the Board are designed to recognize and manage risks, while identifying areas which require continuous attention. Based on these inherent risks, we provide reasonable assurance against material misstatements regarding the fairness of the Audited Financial Statements. The Board has established a continuous and robust process for monitoring, identifying, evaluating, and managing significant risks that the Company faces. The Audit Committee continues to provide the oversight for this function.

The key areas of the internal controls include:

- The assignment of specific aspects of the Company's operation to members of the Executive Management Team. The team meets weekly and is responsible for operationalising overall strategy and for reviewing the outputs of these strategies within the framework of the policies and procedures of the Company. The outcomes are submitted to the Board and Board Committees for deliberations.
- An established system for the segregation of duties of members of the organisation, established authorisation limits for expenditure, contracts, IT application and interfaces as outlined in the Delegation of Authority Limits.
- Performance reviews at the Executive team level; at this juncture actual outcomes are reviewed with forecasts, budgets and prior reporting year data assessed.
- Periodic reviews of identifiable risks through product cycle counts and annual reviews during the annual audit and confirmation exercise.

During this financial year, several key risk matters were deliberated by this Board, including:

- Approval of recommendation to upsize the Additional Public Offering from J$3.50 billion to J$4.076 billion;
- Liquidation of short and medium-term debt stock;
- Complete the acquisition of FoodSaver New York and Good Food For Less;
- Acquisition of Spicy Hill Farm Limited; and
- Various other matters presented by the various Committees.

Annual General Meeting of Shareholders

The Annual General Meeting (AGM) of the shareholders remains the Company's highest decision-making body. It decides the duties for which it is responsible in accordance with the Companies Act 2004 and the Company's Articles of Incorporation. The AGM decides on, among other things, the adoption of the financial statements and the consolidated financial statements contained therein, and the approval of dividend payments. It is at the AGM that members of the Board are re-elected and Auditors' remunerations are approved. Other matters, such as the amendments to the Articles of Incorporation, share issues and any acquisition of the Company's own shares, are also approved at the AGM. At the last Annual General Meeting of the shareholders, all proposals brought to the shareholders were unanimously approved.

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Derrick Cotterell
Chairman and Chief Executive Officer

The Annual General Meeting remains the Company's highest decision-making body, deciding on, amongst other things, the adoption of the financial statements, the approval of dividend payments, the re-election of Board members and the approval of the Auditors' remunerations.

At the last Annual General Meeting, all proposals brought to the Shareholders were unanimously approved.

Board of Directors

Derrick Cotterell
Chairman & Group CEO

As Chairman and Group Chief Executive Officer of Derrimon Trading Company Ltd., Derrick has been responsible for the strategic direction and growth of the Company since its inception in 1998. He also has significant experience in General Management, Sales, Marketing, and Procurement. Derrick also holds the position of Managing Director of Caribbean Flavours & Fragrances Limited, Woodcats International Limited, Marnock LLC, and Marnock Retail.

He is a member of the Board of Directors for all the subsidiaries of Derrimon, Dupont Primary School, the Governor General of Jamaica's "I Believe Initiative", and the Chairman of My Ocean Limited. He also serves as a Deacon at his Church and is always seeking out opportunities to impact the lives of young people.

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

Monique Cotterell
Company Secretary & Group HR

Company Secretary, Human Resource Director, Executive, Praise Warrior, and the "mon" in Derrimon Trading Company Ltd., Monique is very much a part of the engine that drives this continuously evolving entity. She contributes extensive experience in both the service and retail industries, specializing in customer service delivery and customer experience.

While she serves as a Director of the Rescue Package Foundation, Monique is also very active in the music ministry of her church.

She is a certified Executive Coach from the School of Greatness, Canada and holds a Bachelor of Science in Business Administration from the University College of the Caribbean (UCC).

Ian Kelly

Group CFO & Divisional Director, Sampars

Ian is adept at finance and risk management with over 25 years of senior level experience in treasury, asset management, correspondent banking, mergers and acquisitions, corporate finance, and securities trading. He serves as the Group Chief Financial Officer for Derrimon Trading Company Limited and the Divisional Director for Sampars. He is responsible for the financial reporting and stewardship of the Company to internal and regulatory stakeholders, monitoring of subsidiary companies, as well as the execution of the expansion strategy of the Company.

Ian is also the Chief Financial Officer and Company Secretary for Caribbean Flavours & Fragrances Limited, Woodcats International Limited, Marnock LLC, and Marnock Retail LLC.

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

Ian serves on several boards. He is the Chairman of The Governor-General Jamaica Trust, TyDixon Primary School, Focused Opthalmics and Reggae Marathon. He also holds Director positions at Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Marnock LLC, Marnock Retail, FosRich Group of Companies, Unibev Limited, FirstRock Private Equity, and Dolla Guyana.

Paul Buchanan

Non-Executive Director

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

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

Tania Waldron-Gooden

Non-Executive Director & Mentor to the Board

Tania Waldron-Gooden is the Chief Executive Officer at Caribbean Assurance Brokers Limited. She has a wealth of experience in Investment Banking, Research, New Product Development, Pension Fund, and Portfolio Management.

She has served on several boards in the capacity of director or mentor, providing invaluable guidance and experience. As the Mentor to Derrimon Trading, her responsibility is to provide the Board with support in establishing proper procedures, systems and controls for its compliance with the Junior Market rules and requirements for financial reporting, good corporate governance, and the making of timely announcements.

She holds a Bachelor of Science in Geology from the University of the West Indies and a Master of Business Administration from the University of Sunderland in the U.K. She has also completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. Additionally, she holds a post graduate diploma in Paralegal Studies and is registered/ licensed as an Individual Investment Adviser as well as to sell and give advice on Life Insurance business and Sickness & Health Insurance business.

Winston Thomas

Non-Executive Director

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

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

Howard Mitchell CD, JP

Non-Executive Director

A lawyer by profession, Mr. Howard Mitchell maintained a successful Commercial Law Practice for thirty-five (35) years, with concentrations in Mining Law and Taxation before retiring in 2010.

Howard has decades of strong commitment to public service and has served in the past as a Board member and Chairman of the National Housing Trust (NHT). He serves as a Justice of the Peace (JP) and in 2017 was awarded the Order of Distinction (Commander Class) for outstanding service to Business and the Public Sector.

He is the immediate past Chairman of the Council of the Institute of Jamaica and the Jamaica Accountability Meter Portal, and has also served as Chairman on numerous statutory boards across a wide range of government ministries over the past twenty years. Mr. Mitchell has also negotiated a number of mining agreements on behalf of the Government of Jamaica. He currently serves on numerous boards in the capacity of Chairman or Director.

Howard has also served in the past as the President of the Private Sector Organisation of Jamaica (PSOJ) and as a Director of the Jamaica Manufacturers and Exporters Association (JMEA).

Earl Anthony Richards CD

Non-Executive Director

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

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

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

Stephen Phillibert
Non-Executive Director

Stephen has over 20 years of experience in Finance and Accounting, General Management and Strategy, Mergers and Acquisitions, and Financial Risk. He joined Cornerstone in 2020 from PanJam Investment Limited where he held the title of Chief Financial Officer for six years. Prior to that, he spent approximately ten years at GraceKennedy Limited in various financial and strategic roles, ending as Head -Corporate Planning and Strategy for the group. In his capacity at Cornerstone, he is responsible for the financial operations of the group, including financial accounting and management, regulatory and financial reporting in accordance with regulatory requirements, capital and operational budgeting, tax planning and reporting, and oversight of the financial control environment. Stephen also provides support on projects of strategic significance. He holds an MBA from the University of Toronto, a B.Sc. in Accounting from the University of the West Indies, and the Chartered Financial Analyst designation.

Alexander I.E. Williams
Non-Executive Director

Alexander is an Attorney-at-Law with specialization in civil litigation, constitutional law claims, commercial litigation, judicial review of administrative action, and industrial relations and labour law. He maintains a private practice and has been practicing for over 30 years.

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

Disclosure of Shareholdings

Top 10 Stockholders
as at December 31, 2021

Stockholders	Shares
Derrick Cotterell	**1,125,531,673**
Barita Investments Ltd.-Long A/C	**906,950,275**
Monique Cotterell	**400,000,000**
Mayberry Jamaican Equities Limited	**310,780,980**
Ian C. Kelly	**169,107,209**
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	**119,176,266**
Estate of E. Cotterell (Deceased)	**100,000,000**
Winston Thomas	**72,351,180**
ATL Group Pension Trustees NOM Ltd.	**56,349,216**
Heart Trust / NTA Pension Scheme	**56,606,000**

Directors' and Senior Officers' Stockholdings

as at December 31, 2021

Directors	Shares
Derrick Cotterell	1,125,531,673
Monique Cotterell	400,000,000
Ian C. Kelly	169,107,209
Winston Thomas	72,351,180
Earl Anthony Richards	5,441,167
Alexander I. E. Williams	500,000
Paul Buchanan	300,000
Tania Waldron-Gooden	-
Howard Mitchell	-
Stephen Phillibert	-

Senior Officers	
Sheldon Simpson	2,591,358
Craig Robinson	325,704

Management Discussion & Analysis

The management of Derrimon Trading Company Limited (DTL or the Company) and its subsidiaries, (Group) are responsible for the integrity and presentation of the Management Discussion and Analysis (MD&A). The audited financial statements for the period ended December 31, 2021, should be read in conjunction with the MD&A for the reader to gain full clarity on the DTL's audited results. The financial information discussed below is in amaican Dollars (JMD), the functional currency of Company, covering the reporting period January cember 31, 2021. The financial statements e ared in accordance with the International n orting Standards (IFRS) as issued by the I unting Standards Board (IASB).

2021 Recap

2021 was a phenomenal, record-breaking year for the Derrimon Group of Companies. Despite the many challenges of the COVID-19 pandemic, DTL executed a number of major transactions and emerged as a stronger business. These transactions include: the successful and historic Additional Public Offering (APO); the acquisition of the Good Food for Less LLC and FoodSaver New York Inc. businesses; progression on the expansion of the Select Grocers outlets, and continued expansion of the various proprietary Group brands. We could not have achieved these pivotal transactions without the support of our various partners which include Barita Investments Limited (Barita), Sagicor Bank Limited, existing and new shareholders, customers, staff, and suppliers whose investment and commitment have given us the framework to lay the foundation for Derrimon 2.0.

As we approach our 25th anniversary on December 21, 2023, we look forward to utilising shareholder's capital across our existing and potential new business lines to ensure that your investment in Derrimon continues to yield value.

Additional Public Offering

We published the prospectus for the APO on the Jamaica Stock Exchange's (JSE) website on December 15, 2020. The offer opened on January 6, 2021, and closed on January 26, 2021. The offer was underwritten by Barita Investments Limited up to $3.50 billion for 1,498,698,931 ordinary shares, with the Company able to issue an additional 301,301,069 ordinary shares, for a total of 1.8 billion ordinary shares and a gross raise of $4.22 billion. Existing shareholders and Derrimon team members were able to subscribe at $2.20 per share while key investors, Barita clients and members of the general public could subscribe at $2.40 per share.

During our virtual roadshows facilitated by Barita, we met with several institutional investors, answered questions on various financial data, had general briefings, and took calls from interested investors in the region wanting to buy into the Company. One of our key suppliers wanted to become an investor in the business and jumped at the opportunity to buy into our APO. The Company also worked with Barita to market the Derrimon brand and Group of Companies to the general public. This resulted in the Company being featured prominently on social media platforms such as Instagram, Facebook and Twitter alongside prime time features on television. This marketing activity created greater brand equity for the Derrimon Group of Companies which will be leveraged successfully in the future.

The brokerage community gave the Company's offer a resounding thumbs up as all the publicly available reports recommended participation and mentioned the potential upside in the Company's stock price, as high as 74 per cent based on the objectives that were to be achieved in a successful APO.

APO HIGHLIGHTS

1.8 billion ordinary shares

over subscribed **2.06** times

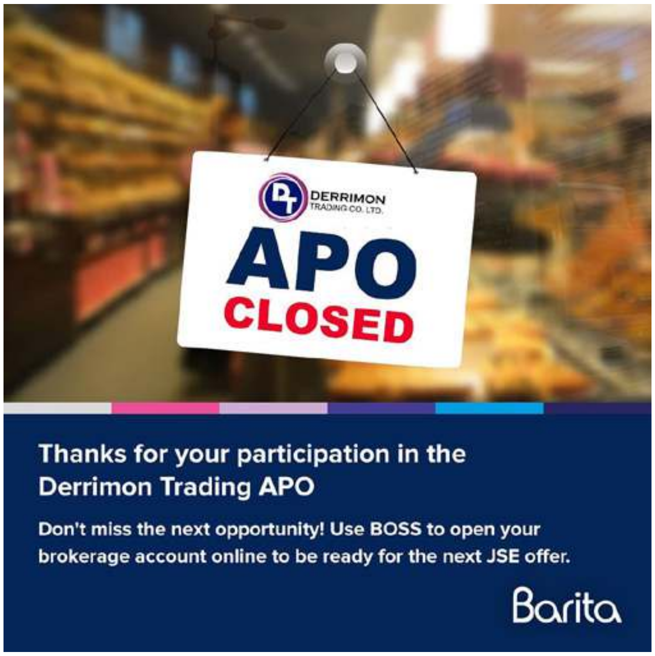
$2.20 per share for existing shareholders & Derrimon team members

3500 new investors

Some of the price targets included:

Broker	Target Price
Cumax Wealth	$4.18
Proven Wealth	$3.41
GK Capital	$2.74 - $3.35
JN Fund Managers	$3.21
NCB Capital Markets	$2.96
Scotia Investments	$2.91
VM Wealth	$2.90
JMMB Securities	$2.88

The end result of more than two decades of work was a resounding 2.06 times oversubscription by investors, which amounted to $7.21 billion based on the original amount being sought. From the original pools, only the Key Investors' pool was allocated 100% of what they applied for in the offer. Barita clients were partially allotted 83.72% of what they applied for, existing shareholders and Derrimon team members' pool were partially allotted 51.63%, and the general public was partially allotted 39.15% of what they applied for in the offer. The 1.8 billion additional shares were listed on the JSE on February 23, 2021, which made Derrimon's equity raise the largest on the JSE's Junior Market since its inception in April 2009. We added more than 3,500 new investors with the lead broker, Barita, taking a 20% stake in the Company from the APO. This makes Derrimon an associate of Barita and further demonstrates their confidence in the plans we are looking to achieve in the long run.



Quarter 1

(JANUARY 1 – MARCH 31)

The month of January was spent working with Barita on closing the APO, meeting with prospective investors, and providing additional information about the offer. We announced our acquisition targets to the public after entering a definitive agreement with the owner of FoodSaver New York and Good Food For Less. During this time, the United States of America (USA) began to see a steady deployment in the COVID-19 vaccine across numerous states and New York had a very high vaccination rate. This was a positive step forward for Good Food For Less and FoodSaver as it would allow for improved commerce in the state and across the country.

After the successful APO and the listing of the additional shares, the Company got to work deploying the capital across the various target areas. The first item of business included paying down $1.92 billion in long and short-term debt of the Company. This included the redemption of our 9% preference share on March 5, which totalled $350 million and had a reset rate of 4.35% in the final year of issuance. As a result, the preference share was delisted from the JSE. Our debt to equity fell from 71% to 31% by the end of the first quarter.

The second item of business was the completion of 100% acquisition of Good Food For Less through Marnock Retail LLC and 80% acquisition of FoodSaver through Marnock LLC. Twenty per cent of Marnock LLC was issued to Oralcrys LLC, which represented the minority interest held by the former owner-operator of the business. Good Food For Less operates as a specialty supermarket while FoodSaver is a wholesale food distributor.

The new Select Grocers supermarket in Curatoe Hill, Clarendon, was originally projected for completion by September 2021, then January 2022, and now July 2022. This is due to delays associated with supply chain challenges which are outside of the Company's control. The $500 million allocated to this project from the APO was expended in 2021 as outlined in the prospectus. It is expected that this will be one of the largest supermarkets in central Jamaica and also comes at a time when there will be more traffic passing along that corridor of the country as the May Pen to Williamsfield leg of Highway 2000 is extended.

The remaining capital was put towards working capital and the expansion of our Delect brand plus other product lines. These all augur positively for the Company's growing relevance in the national conscience on where they shop, what they use in their kitchen and in their everyday lives.

The distribution arrangement for the SM Jaleel portfolio of goods was concluded at the end of the first quarter. This included the Viva, Busta, Chubby, Fruta, and other assorted beverage brands. We believed it would

DEBT TO EQUITY FELL

40%

from 71% to 31% in Q1

100% **Acquisition of Good Food For Less, LLC**

80% **Acquisition of FoodSaver New York Inc.**

have been in the best interest of the business to take on a different portfolio of goods and focus our interests on the expansion of our various business lines through acquisitions and organic growth. This was a material contract for the business, but the funds from the APO and restructuring of the business to the Derrimon 2.0 vision ensured our future plans were aligned for substantial growth in several jurisdictions.

On the domestic front, the country continued to experience a shift in the curfew hours and measures implemented by the government to combat the threat of the novel coronavirus. This resulted in the government changing the curfew hours from 10 pm to 8 pm, and the reduction of the gathering limit from 15 to 10 persons effective February 9. The rising number of cases in the month of March resulted in an exaggerated response, which included an all-weekend curfew starting at 12 pm on March 27 until 5 am on March 29. This continued into the second quarter for April 3 to 6 and April 10 to 12. All non-essential workplaces were required to close at noon in order to facilitate the ability for staff to go and shop for goods needed during the lockdown weekend. As the operator of Sampars, Select Grocers, and a major distributor of commodities, DTL was negatively impacted in this regard and revenue and costs were impacted. These measures resulted in the Company losing three (3) full Sundays and the shift of commerce from a busy weekend to a Friday. The Company was able to earn continuously throughout the period, but at reduced levels, as consumers were put under pressure with reduced incomes and bought only enough goods as far as their disposable incomes facilitated.

At the same time, the Company was being faced with challenges from an operational standpoint. Caribbean Flavours & Fragrances Limited's (CFF) sales were impacted by a sugar shortage in the manufacturing industry, while Woodcats International Limited (Woodcats) faced a rapid spike in lumber prices, a key raw material for its wooden pallets. At the Group level, the treasury team began the evaluation of the market and determined the need to execute forward buying and stock up on inventory to manage the rapid price increases. The Company also took the decision not to pass on the full price increase to the manufacturing sector as it would have been deleterious for a space which was having mixed performances under the existing conditions. It would have in turn impacted the consumers of these goods since the manufacturers would have passed on these price increases also. The strategy paid off well for most of the year and protected Woodcats' margins plus built further rapport with our existing customer base.

The country received its first doses of the AstraZeneca vaccine on March 8, and became the first country in the Caribbean to receive a vaccine which had World Health Organization emergency use approval. The vaccine was limited to those in the essential worker space.

Our Sampars Cross Roads location was found to have carried some of the most affordable items in the Consumer Affairs Commissions' survey of grocery items, carried out between March 3 to 4, 2021. The whole chicken we sold was the lowest priced among the corporate area locations surveyed while every other product was on the lower or mid-tier range in cost. Though not always possible, we always strive to provide our customers with the most affordable options, especially in difficult times.

April 26

COVID-19 VACCINE WAS MADE AVAILABLE TO ALL JAMAICANS.

Quarter 2

(APRIL 1 – JUNE 30)

The country, and by extension, our Company, endured two weeks of no Sunday sales and half-day sales on Saturdays to the general public. The COVID-19 case numbers peaked around this time; this was accompanied by higher hospitalizations and increased deaths among those infected with the virus. The government changed its strategy again on April 15 when it extended the curfew measures and modified the weekend restriction to start curfew at 4 pm on Saturdays through to 5 am on the following day, with the Sunday curfew set to begin at 2 pm before concluding at 5 am on the following day. This was initially set to end May 5 before being extended to June 2. While this could have been seen as a reprieve to get more time to shop, it negatively impacted many businesses as their hours of operation were effectively curtailed to a set time on weekends when consumers tend to spend the most.

The hallmark moment for Jamaica occurred on April 26 when the vaccine was made available to all Jamaicans. The country used all of the doses that were available at the time, which was a step in the right direction. Vaccinations continued in June when more doses arrived on the island.

The integration of the New York operations within the Derrimon structure was intensified during the second quarter as several executives of the Derrimon team flew to New York to ensure that governance, the risk management framework, controls, technology, and the operational structure were remodelled the Derrimon way. These trips became frequent during the quarter as we worked assiduously to identify the key strategies that needed to be implemented to ensure no delay in realising the potential of our newest acquisitions.

Due to the speed in which New York saw its vaccination numbers increase, the state ended its COVID-19 measures on June 24 with businesses now deciding who could enter their establishments. All of these changing measures made the first half of 2021 a very unpredictable time and constrained the Company's Select and Sampars locations from operating under their normal business hours.

↑25%

Increase in company revenue to **$3.79 billion**

Quarter 3

(JULY 1 – SEPTEMBER 30)

With the country now benefiting from an open environment, social activities were the order of the day which positively impacted commerce during the period. The Company revenue increased by 25% to $3.79 billion during the quarter with CFF experiencing a 15% rise in revenue to $162.87 million. This demonstrated that the ability for businesses to operate under normal operating times can be beneficial to companies even with general spending in the economy being down. However, these relaxed measures would soon came to an end as the positive cases began to rise again. On July 27, the curfew hours reverted to 8 pm on weekdays and 3 pm on Sundays and public holidays.

These measures resulted in reduced business activities and consequently, a slowdown of the economy. The spike in COVID-19 cases was so drastic that the government implemented four weeks of three-day lockdowns on Sunday, Monday and

Tuesday from August 22 to September 14. The curfew hours also moved down to 7 pm, which created extreme pressure on the transport system and the general business environment. Select Grocers and Sampars locations lost all 12 days of commerce while CFF was able to operate on the lockdown days but lost front office sales. Woodcats was able to operate during the period as well, however, demand for its products was at an all-time low given the general impact on the manufacturing sector.

The Derrimon Group of Companies is sufficiently capitalised and saw no increased levels of impairment on receivables by customers given its risk management framework, as well as sales and collection mechanisms which have been implemented. The impact from those lost 12 days on many businesses resulted in several considering the need to shut down, some laying off staff or not paying them for the lockdown days they were not able to work. The DTL Group, however, implemented none of these measures.

Due to the immense impact that the measures had during those four weeks, the government shifted its stance to no longer use weekday lockdown days and instead implemented an 8 pm curfew for weekdays, 6 pm on Saturdays and Sundays continued as a no movement day. This took effect on September 18. While this was a compromise, it was still lost time and money for businesses already impacted by a decrease in sales. These measures were extended to October 28.

These measures occurred at the same time inflation began to rise in the economy and the Bank of Jamaica (BOJ) took the decision to raise its policy rate from 0.50% to 1.50%, which was the first time that the base interest rate went up in 13 years. The supply chain disruptions were also getting worse ahead of the budding Christmas season and negatively impacted all companies within the DTL Group. This was at a time when shipping costs were still around US$15,000 from Asia per container.

Quarter 4
(OCTOBER 1 – DECEMBER 31)

The Company held its Annual General Meeting (AGM) on October 27, where we introduced Refresh purified bottled water to our shareholders. We anticipate that this new product will be well received by the market and will provide a foundation from which this brand can garner significant brand equity.

The COVID-19 measures in Jamaica had an 8 pm curfew until December 10 when it was moved to 10 pm until January 14, with an extension to 1 am for Christmas Eve and New Year's Eve. We welcomed these changes as we could effectively execute business without any significant delays. During this time, the USA implemented a requirement for non-citizens and those not holding green cards to be fully vaccinated as of November 8. Our executives were fully vaccinated which posed no additional challenge to conducting business in that country.

The BOJ raised its policy rate two more times to 2.50% as it contended with the rising point-to-point inflation each month. This set the stage for what was to come in 2022 and guided the Derrimon Group on the need to identify capital requirements from early and determine how it would be sourced so we would not be significantly impacted by these rising rates.

Macroeconomic Environment

Preliminary estimates by the Statistical Institute of Jamaica showed the country's Gross Domestic Product (GDP) increased by 4.6%, which was largely driven by the 14.2% rise in the second quarter. Though this is quite commendable when compared to the decline of 9.9% in 2020, and 0.9% and 1.9% GDP increases in 2019 and 2018, respectively, the economic base of the country is still not where it was compared to pre COVID-19. The growth projections for the country fell below the 6.0% prediction by the International Monetary Fund (IMF) and other projections set by other statutory bodies. While the IMF is projecting a 4.3% rise in GDP for 2022, they list COVID-19 as a critical risk along with global inflationary pressure.

Construction and agriculture, forestry and fishing were the strongest performing sectors of the goods producing services segment of the economy, as they rose by 5.9% and 13.8% in the fourth quarter. Manufacturing and mining and quarrying fell by 2.2% and 60.5%, respectively, as output declined for both sectors during the fourth quarter. All service sectors, excluding producers of government services, saw an improvement in performance with the hotels and restaurants segment recording a 79.5% rise in the fourth quarter.

Though the country recorded its lowest unemployment rate of 7.1 per cent to date in October 2021, the employed labour force was at 1,234,800 persons compared to the 7.3 per cent recorded in January 2020 when the employed labour force was 1,269,100. This shows that there were numerous persons who were still outside the labour force during these surveys and that the country has some way to go before it returns to pre-COVID-19 employment levels. Point-to-point inflation for Jamaica came in at an elevated 7.3 per cent, which was above the 5.2 per cent recorded in 2020 and far outside of the Bank of Jamaica's 4 – 6% target range. Calendar year inflation was 9.1% compared to 6.4% in 2020. The Jamaican Dollar depreciated by 8.72% from $142.64 to $155.08 at the end of 2021.

The BOJ began hiking its policy rate as a pre-emptive move to address the external factors, which would not only threaten its monetary policy objectives but create greater inflation expectations in the economy. The BOJ gained independence on April 19 and is currently lead by independent committees while answering to parliament for specific situations. The country's net international reserves grew by 27.95% to US$4.0 billion or $616.08 billion in local currency. Remittances also exceeded US$3.3 billion for 2021, and was a 13.79% rise over the US$2.9 billion achieved in 2020. This shows the support the diaspora provides to Jamaica and the extensive effects of the stimulus funds in the USA supplementing the lives disrupted back at home.

The US economy grew by 5.7% in 2021, which is the fastest rise seen since 1984. Most states removed their COVID-19 measures as the level of vaccinations increased across the country. The unemployment rate decreased from 6.7% at the end of 2020, to 3.9% at the end of 2021. However, there was a dislocation in the jobs market as more people continued to leave their jobs in an event which was dubbed 'The Great Resignation'. The inflation rate was 7%, which was the highest it has been since 1982 after the Great Energy Crisis. New York State's GDP rose by 9 per cent and exceeded pre-COVID-19 levels by the end of 2021. Several sectors such as hospitality and restaurants began to see sharp rebounds in hirings with the state having full entertainment events again and other economic events which make the Big Apple so iconic.

Stock Price

The stock market began to see more optimism in the latter half of the year with various companies determining the market to be suitable to execute equity raises via initial public offerings or APO's. Barita successfully raised $10.78 billion in its September APO. While the Junior Market rallied back to its mid-2019 record, the Main Market which is generally reflected through the JSE Index, remained flat in 2021. This occurred despite the BOJ releasing its moratorium on dividends by regulated financial holding companies and deposit-taking institutions and the increasing trading activity which continued throughout the year. The top ten shareholders control shifted from 88.64% of the Company at the end of 2020, to 73.17% because of the APO creating greater ownership from a larger shareholder base.

	DEC 2021	DEC 2020	% Change
JSE Index	396,155.61	395,614.93	0.12
Junior Market Index	3,428.30	2,643.38	29.69
JSE Combined Index	401,130.23	392,435.92	2.22
M&D Index	100.38	82.83	21.19
DTL Stock Price	2.30	2.38	-3.36

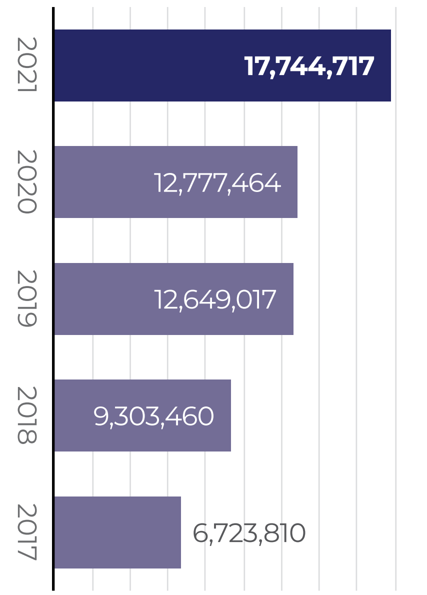
6.72%

Increase in stock price during Q1

Derrimon's stock price increased by 6.72% during the first quarter even with the additional shares in the market near the end of February. The liquidity of the stock also improved as more shares were being traded daily relative to 2020. Though the stock declined marginally compared to the rest of the market, the Company's market capitalisation ended the year at $10.43 billion. The Company did not pay a dividend in 2021, as it focused on capital management and navigating the rising costs during the year.

Price Changes	High	Low	Opening Price	Closing Price
Q1 (January – March)	2.62	2.35	2.38	2.54
Q2 (April – June)	2.65	2.40	2.54	2.53
Q3 (July – September)	2.55	2.00	2.53	2.28
Q4 (October – December)	2.54	2.15	2.28	2.30

REVENUES



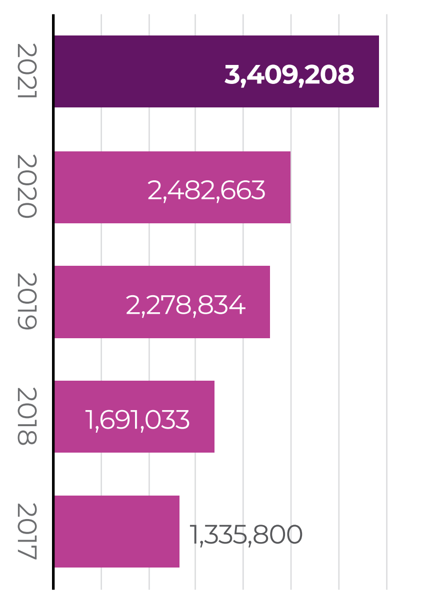
Revenue

Consolidated revenue for the Group increased by 39% to $17.74 billion driven by the acquisition of Good Food For Less and FoodSaver NY. Company revenue marginally declined by 5% from $11.65 billion to $11.04 billion, which was due to the impact faced by the lockdowns and curfews on the Company's operations plus weaker consumer spending during the time. The culling of the SMJ portfolio at the beginning of the second quarter also impacted the Company's revenue.

While the Group's gross profit increased by 37% to $3.41 billion, the gross margin decreased from 19.43% to 19.21%, which was attributable to the rising cost of inventory and other raw materials. Other operating income rose to $103.89 million during the reporting period.

Gross profit for the Company decreased by 20% to $1.74 billion and the gross margin declined from 18.60% to 15.76%. The impact from the instability in commodities prices and logistics costs and the gaps of repricing for many of these changes, negatively impacted our margins in the reporting period. Despite the Company earning less core revenue, other operating income rose by 333% to $428.60 million, largely due to $3,016.13 million in management fees charged to the Marnock subsidiaries for the provision of management and administration services.

GROSS PROFIT



$17.74 billion group revenue for the year

Distribution

During the financial year under review, many changes were made to the distribution business given the focus of achieving specific hurdle returns that were established for specific categories of products. As such, the mutual decision between SM Jaleel and us to discontinue the distribution of their brands was completed at the end of March. This created a substantial reduction in the revenue portfolio, however, a focused approach to replace that lost revenue was implemented and many smaller but more profitable brands were brought onboard as well as the expansion of existing brands. This resulted in total revenue for the year of $6.18 billion. We remain confident, given the strategy of growing Derrimon's Delect brand as well as the other strategies going forward, that both revenue and margins will improve progressively and will extract further value in the local market.

Wholesale and Retail

This segment focuses on the Company's six (6) Sampar's locations and the single Select Grocers location in Manor Park Plaza. The US Marnock subsidiaries are consolidated at the Group level. 2021 was a year of mixed signals as we could not sufficiently project the future due to the changing conditions related to COVID-19 cases and the government's restrictive measures. As a result, our Sampars and Select Grocers locations lost 12 full days in 2021 due to lockdowns and lost more operational hours from earlier curfew time frames.

We remain proud of the distribution and retail teams and what they were able to achieve whilst charting the unknown waters in 2021 given the many challenges encountered at every step of the way.

Other Operations

Caribbean Flavours & Fragrances (CFF) ended the year with revenue climbing by 7% to $637.71 million, while net profit decreased by 3% to $79.6 million. CFF faced its own challenges during the year from the pandemic which they successfully navigated. CFF created new tailor-made products for our largest customers who pursued their own expansion during the year. The Company not only created new opportunities in the export market but also exported to a new Spanish-speaking market. The Company also created a new research and development lab to focus on creating new products, especially along the lines of extracting unique Jamaican flavours. 2022 will be focused on integrating CFF's products along the value chain through Marnock and Sampars plus a more deliberate focus on increasing exports.

Woodcats had a mixed yea, as the first half was relatively muted due to the weak economic environment, with the second half proving to be a lucrative period. Revenue for this business improved by 36% to $723.13 million, while post-tax profit from continuing operations increased by 131% to $40.35 million. The revenue and post-tax profit were not only above 2019, but also represented Woodcat's best financial year in existence. Woodcats has doubled its heat-treating capacity through the addition of a new kiln and has expanded its production capacity through the use of space at Derrimon's former warehouse at 235 Marcus Garvey Drive. While the Company implemented strategies to manage shocks from rising lumber prices, the Company had to stock up on inventory which required them to increase current liabilities. This strategy also acted as a buffer against the depreciation effects of the JMD and delays in sourcing other inventory as well. We are currently looking forward to the Company's ability to scale up in 2022 with the manufacturing sector and other businesses ramping up capacity and forward buying goods to account for supply shortages. Total assets grew by 22% to $648.81 million and total liabilities increased by 82% to $336.82 million.

Expense Management

Total expenses for the Derrimon Group increased by 48% to $2.73 billion with operating and administrative expenses rising by 63% to $2.33 billion, compared to selling and distribution expenses which declined by 4% to $402.29 million. The amortisation of our right-of-use asset increased by 23% to $232.04 million, which was related mainly to IFRS 16 on properties we lease and the inclusion of our additional assets related to Marnock. Staff costs jumped as the Company acquired new subsidiaries and upgraded capacities necessary to manage our growing operations. The growth of utilities by 52% to $191.24 million is largely attributable to increasing energy costs in Jamaica. A complete energy strategy is being developed for the local group of companies.

Total expenses for the Company rose slightly by 5% to $1.70 billion, which included a 9% rise in operating and administrative expenses to $1.31 billion and a 6% decrease for selling and distribution expenses, which closed the period out at $387.62 million. Company staff costs decreased by 6% to $563.12 million. The jump in our utilities by 27% to $151.99 million and the inclusion of $53.09 million in bank charges were the main items which impacted our operating and administrative expenses.

43% to **$399.94 million** | profit attributable to shareholders

Finance Costs

With the Group's debt balance being cut by 40%, the finance costs shrunk at the same rate to $231.32 million. Interest expense was cut in half to $111.96 million, foreign exchange losses only amounted to $3.06 million and the lease interest expenses marginally increased due to the revaluation of the Company's US dollar leases.

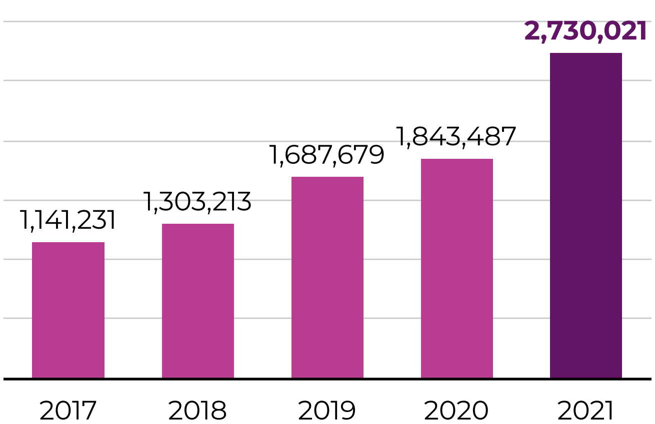
Taxation & Profits

Group taxation rose by 144% to $107.54 million due to the Company not benefitting from the 50% tax remission as a Junior Market Company given the recent APO. Derrimon was given permission to remain on the Junior Market but consultation with the tax authorities resulted in the Company no longer considered eligible to qualify as a result of the issued share capital base surpassing $500 million. The Company is now paying full taxation two years ahead of the original December 16, 2023, timeline for when it would have originally expired. CFF continues to benefit from the Junior Market 50% tax remission until October 2, 2023. While the Company will no longer benefit from the tax remission, the current reduction in financing costs and having a larger capital base spread across various business lines bodes well for the Company's future ambitions.

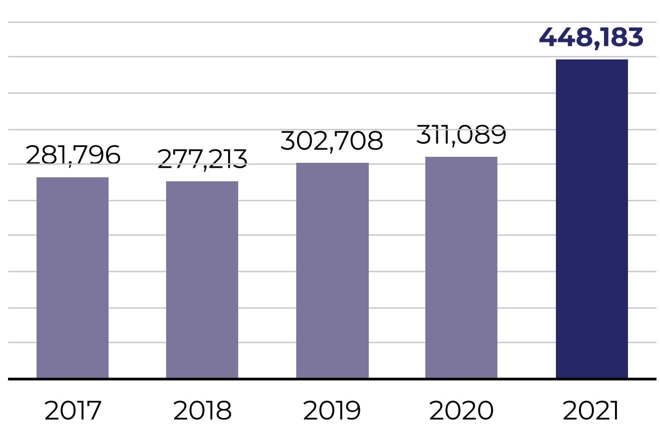
The Group's profit attributable to shareholders increased by 43% to $399.94 million with earnings per share down from $0.102 to $0.094 due to the additional ordinary shares.

The Company's net profit marginally fell by 5% from $225.64 million to $214.32 million and the earnings per share also decreased from $0.083 to $0.050.

TOTAL OPERATING EXPENSES



NET PROFIT



Balance Sheet Management

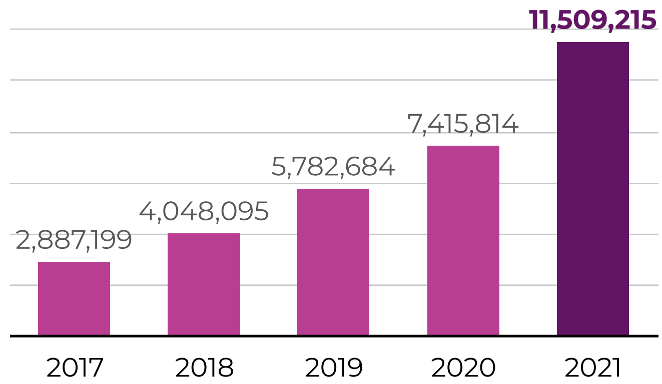
The Group's total assets increased by 55% to $11.51 billion, which was driven by a 131% increase in the non-current asset base which closed 2021 at $6.09 billion. A major percentage of this non-current base is related to the intangible assets increasing from $438.64 million to $1.65 billion, which was related to the two (2) acquisitions. Our Property, Plant and Equipment (PPE) moved from $537.79 million to $2.35 billion with the increased value attributed to the Marnock acquisitions. We increased our investments by 82% to $297.27 million through the addition of preference shares and bonds to our portfolio.

Current assets grew by 13% to $5.42 billion with cash moving from $717.03 million to $1.15 billion. Due to the depreciation risk with the USD to JMD and supply chain delays, the Group spent 23% more on inventories which closed 2021 at $2.68 billion. Our receivables balance decreased by 15% to $1.59 billion as the prior year had a deposit of $918.41 million related to our New York acquisitions. Trade receivables increased by 16% to $1.04 billion with the net balance coming up to $971.92 million.

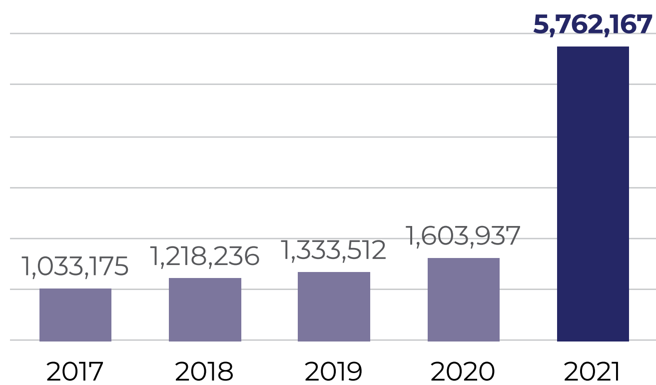
Total liabilities marginally decreased to $5.75 billion as non-current liabilities reduced to $3.51 billion and current liabilities increased to $2.24 billion. Our long-term loans reduced by 25% to $1.64 billion while our short-term loans decreased by 72% to $296.20 million. The short-term loan balance was substantially higher in the prior year as we sourced capital to pay down on our acquisitions ahead of the APO. Our lease liabilities increased as a result of the revaluation of our leases which are denominated in USD.

Equity attributable to shareholders rose by 289% to $5.55 billion due to the injection of $3.72 billion in net proceeds from the APO and higher retained earnings from our growth in operations. Debt to equity declined from 3.12 in 2020 to 0.7 at the end of 2021. This left the Company with adequate room to seek debt if the need arises without there being pressure on our capital structure.

TOTAL ASSETS



CAPITAL



Capital Expenditure

The Group spent a collective $1.193 billion on the purchase of PPE with $605.52 million on construction in progress on our new Select Grocers supermarket and the new manufacturing plant at our 235 Marcus Garvey Road headquarters. The overall wholesale and retail segment spent $998.35 million- $124.48 million on distribution and $70.42 million on other operations. The Company spent $1.38 billion on PPE during the year with $222.20 million on land and buildings with the acquisition of the operating facilities in Old Harbour which house the Sampars Supermarket. These projects are all focused on ensuring the Company has the manufacturing and distribution capacity and capabilities to meet demand both domestically and internationally.

J$11,509,215

TOTAL ASSETS 2021

J$5,762,167

CAPITAL 2021

Outlook & Future

Derrimon started the 2022 financial year on a high note as we completed the asset purchase agreement with Spicy Hill Farms Limited to purchase the existing and developing brands of Spicy Hill Farms, assets, and manufacturing facility on January 10. Spicy Hill's products are available in more than 200 retail outlets in Jamaica and in our major trading partners such as the USA, Canada and United Kingdom. Some of the brands that Spicy Hill makes include Ram Goat Soup "Mannish Water", Ram-It-Up "Curry Goat Booster", Granulated Scotch Bonnet Pepper, and Dried Thyme Leaves. This strategic acquisition is a positive step to widen our manufacturing base and expand our brand distribution.

Derrimon started as a family business between the company CEO, Group Human Resources Director and other close family members who believed in the vision of a strong distribution company. This all culminated with our listing on December 17, 2013 on the Junior Market of the Jamaica Stock Exchange, where we opened ourselves to the public who could benefit from our continued growth. Over the last seven years since listing, we've acquired four different businesses which we have invested in to build greater value for our shareholders and brand Jamaica. It not only provided room for different team members to gain vertical experience in the supply chain, but it also gave us the ability to work with some amazing businesses and bring them to a higher level of operation.

The Russia-Ukraine war has created instability in the East, which has further destabilized supply chains and acted as a catalyst for a commodity bull run. Oil prices surpassed $100 United States Dollars a barrel in February which is the highest it has been since mid-2014. The cost of other commodities such as coffee, wheat and soy have also increased. Protectionism has started to occur with various countries banning the export of inputs such as wheat, grain, oil and other commodities used in the everyday life of regular consumers. This has been translated locally in the form of higher fuel prices and cost push inflation across numerous businesses.

The rising COVID-19 cases in China has resulted in different Chinese cities going back into lockdown which creates further backlog for businesses importing goods to the West. These evolving threats do not just create instability in the global environment but also pushes more countries into poverty with citizens being priced out of the regular goods they would purchase every day. The war appears to have no immediate end in sight which means that additional monitoring will have to be done to see what other impacts might arise for the Company.

The Derrimon team continues to focus on activities that will grow shareholders' and consumers' value. We continue to restructure our business to diversify and accelerate our US dollar revenue

streams whilst placing heavy emphasis on strategies geared at earning more USD income. This strategy will ensure that the Company maintains a balance in its foreign exchange risk exposure, which is challenging in the Jamaican environment. The diaspora and larger foreign markets carry a larger spending power than Jamaica with the average American citizen having 17 times the spending power of an ordinary Jamaican.

Before the Russia-Ukraine war, we advised our shareholders that they should start a small home garden to ensure that they could have the means to combat the rising food prices. We were not only imploring that more persons consider this approach but also encouraging existing persons who are growing sufficient volumes of certain products, or rearing animals, to consider reaching out to us to discuss trade. We welcome small farmers, small businesses and other optimistic persons to consider Derrimon as a business partner to purchase goods or distribute them through our distribution network. We want to empower as many persons as we can through entrepreneurship and commerce where possible.

The BOJ has continued to increase its policy rate in response to rising inflation which hit 11.3% for March 2022, which was a 10-year high. The Federal Reserve in the USA has started to hike its federal reserve rate in response to rising inflation which was 8.5% for March, a four-decade high. The BOJ raised its policy rate to 4.50% at the end of March while the Fed raised its rate by 25 basis points with a range of 0.25% – 0.50%. The Fed has already signalled its intention to raise rates at a more aggressive pace to tame rising inflation, which is expected to continue moving at an accelerated pace. The BOJ also began to limit the issuance of FX instruments by securities dealers to manage the FX market under the current circumstances. Higher interest rates means the cost to borrow money goes up which impacts the profitability or ability for any borrower to afford debt. Derrimon has fixed rate debt which protects the Company from any sporadic rise in financing costs on the existing debt stock given the profile of our debt portfolio.

The effect of rising inflation means that the purchasing power of consumers decreases which in turn speaks to a reduced shopping basket. It also impacts our operations as raw materials become more expensive, the cost of utilities increases and fuel costs for vehicles go up as well. The government recently raised the minimum wage on April 1 from $7,000 to $9,000 and the wage for security personnel by a minimal amount. The increase in minimum wage appears to be small, but it must be contextualized that any increased expense during an inflationary environment will be balanced out with fewer expenses or higher income. The latter can come from passing on some portion of price increases to consumers who typically feel the brunt of the impact.

Price increases have to be tempered in this environment as we don't want to price ourselves out of the market especially when the country is just starting to experience the ability to operate without government restrictions. We absorbed a major portion of the various price increases in 2021 and became more operationally efficient through various means during the year. However, the Derrimon Group will have to start increasing prices incrementally during the year, where applicable, to ensure that we are adequately covering our cost of operation.

We welcome small farmers, businesses and entrepreneurs to consider Derrimon as a business partner to purchase or distribute goods through our distribution network. We want to empower as many persons as we possibly can.

The new COVID-19 variants and emerging threats require the Derrimon Group to plan judiciously for any possible scenario which could negatively impact the business. Currently, we're focused carefully on ensuring we bring our supply chain closer to home, where possible, and maintaining adequate inventories to meet the demands of our customers. In addition, we are looking to acquire other businesses which are strategically aligned to Derrimon's core strategy whilst intensifying our vision of greater value through exports. While we cannot predict the future, we can plan to ensure we walk down the best route to success. The diversity of the Group and growing revenue base speak to the capability of management in protecting the investment shareholders have made in Derrimon. We continue to improve our governance structure, planning capabilities and human resources as we build a stronger Group and deliver extraordinary returns to our shareholders.

Executive Management

LEFT-RIGHT: **Ian Kelly** Group CFO & Divisional Director, Sampars **Monique Cotterell** Group Human Resources Director and Company Secretary, and **Derrick Cotterell** Chairman & Group CEO.

Business Unit General Managers

Janice Lee
Caribbean Flavours & Fragrances

Sheldon Simpson
Distribution

Craig Robinson
Sampars | Select Grocers

Peter Douglas
Woodcats International

John Paik
Food Savers NY & Good Food for Less

DTL Group & Management

LEFT-RIGHT: **Oral Richards** Purchasing Manager, **Sheree Gordon** Office Manager | Executive Assistant, **Rockey Allen** Security & Facilities Manager, **Verona Howell** Group Management Accountant, **Jermain Thomas** Group Chief Information Officer, **Kim Lee** Chief Marketing Officer, and **Otema Thompson** Group Financial Manager.

LEFT-RIGHT/ BACK TO FRONT: **Desrene Reid** Customer Service Manager, **Carol Wilson** Credit Manager, **Sian Scott-Archibald** Manager - Chilled Beverages, **Celia Malcolm-Sloley** Channel Manager, **Amaya Miller** Loss Prevention & Safety Manager, **Warren Cornwall** Business Analyst, **Stewart Jacobs** Commercial Manager, and **Ricardo Skyers** Sales Manager.

NOT PICTURED: **Cherene Smith** Logistics Team lead, and **Lotoya Ellis** Consultant Logistics & Supply Chain

Sampars & Select Grocers

LEFT-RIGHT: **Kevin Peart** Purchasing Coordinator, **Romaine Dawson** Commercial Manager - Sampars, **Leroy Dawkins** Business Development Manager - Sampars, **Orville Wilson** Store Manager & Purchasing Officer, **Shaun Battick** Inventory Manager, **Carlos Duhaney** Manager - Sampars, West Street, **Gavin Smith** Manager - Select Grocers.

FRONT - BACK:
Lisa Moncrieffe Manager - Sampars, Old Harbour, **Pearl Spencer** Manager - Sampars, Mandeville, **Judith Johnson** Manager - Sampars, Crossroads, and **Kebra Dawson** Manager - Sampars, Boulevard

(NOT PICTURED)
LaMoya Walters Manager - St. Ann's Bay, **Marvette Dixon** Manager - Marcus Garvey Drive, and **Genevieve Christie** Manager - Ice Cream Depot, Marcus Garvey Drive.

FoodSavers NY

BACK ROW (LEFT-RIGHT): **Rumone Wright** Asst. Manager FSNY, **Peter Braham** Floor Supervisor FSNY, **John Paik** General Manager, **Damil Fajana** Operations Manager GFFL, **Neil Veira** Fish Dept. Manager, **Trodis Berry** Asst Manager Meat Department, and **Jared Watson** Data Clerk

FRONT ROW (LEFT-RIGHT): **Enrique Calderon** Manager GFFL, **Maria Hinds** HR/ Admin, **Simone McFarlane** Account Receivables, **Kerissa Ellis** Accounts Payable, **Celia Fowlin** Sales Rep, **Garvin McPherson** Sales Manager, **Chelsi Cotterell** Wholesale Operations Manager, and **Colin Melville** Receiving Supervisor

Corporate Social Responsibility

Having a positive impact in our society is something that we continuously strive to achieve. It is our responsibility to serve those around us and Jamaica through wide-reaching initiatives.

In the same breath that we talk about Corporate Social Responsibility, we also should address why it is so important to both the health of Derrimon Trading Group and its team. Volunteering gives people a sense of purpose. The fulfillment of giving back and contributing to society is unparalleled and the best way to know your community and its citizens.

Why are communities so important? Strong communities are critical because **they are often an important source of social connection and a sense of belonging**. Participating in a community bonded by attitudes, values, and goals is an essential ingredient to enjoying a fulfilling life.

Derrimon Trading Group, through its retail arm, Sampars, continues to collaborate with private sector organisations, government representatives, and individuals, impacting the vulnerable in our society. Donations of care packages with food and household items, to help feed the indigent and elderly, are one of the many ways Derrimon is able to bring hope and comfort to those who need it the most.

We believe that an educated nation is a prosperous one. We continued our support for education by providing financial assistance to students in our surrounding communities. All levels of education were addressed: tertiary, secondary, and primary. Our education assistance was facilitatedthrough our Self Reliance Youth Development program. The program also hosts monthly group discussions with the parents of the students to explore and find solutions for common parental issues.

Providing opportunities for our nation's youth is very important. Through the Derrimon Dreams internship program, we are able to contribute to the professional development of specially selected young graduates. Our internship program has seen candidates, who at the end of their tenure, were evaluated and received employment with our company.

We remain committed to being active participants in our society, working with other stakeholders to achieve a better Jamaica.

Volunteering gives people a sense of purpose.

Financials

9 Cargill Avenue
Kingston 10
Jamaica

T: 876 906 1658-9
F: 876 920 3226

admin@bakertilly.com.jm
www.bakertilly.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
Derrimon Trading Company Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Derrimon Trading Company Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2021, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

What we have audited

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

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2021;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
Page 2

Report on the audit of the consolidated and stand-alone financial statements

Independence

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

Our audit approach

Audit scope

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

How we tailored our group audit scope

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

Our 2021 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

The Group's businesses are organised into three primary segments being Distribution, Wholesale and Retail and Other operations. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages.

In establishing the overall group audit strategy and plan, we determined the type of work that was needed to be performed at the components by the group engagement team and component auditors.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
Page 3

Report on the audit of the consolidated and stand-alone financial statements

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Goodwill impairment assessment Refer to notes 2(b) and 6 of the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements and estimates. As at 31 December 2021, the Group had recorded goodwill of $1.392 billion, representing approximately 12% of the Group's total assets. We focused on this area as the annual, impairment assessment requires management's judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the key assumption being the revenue growth and discount rate in the Group's impairment model.	With the assistance of internal experts, we performed the following procedures, amongst others, over management's goodwill impairment assessment as follows: • Evaluated management's future cash flow forecasts, and the process by which they were prepared, including testing the underlying calculations and comparing them to the latest financial forecast. • Compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting. Challenged management's key assumptions for revenue growth and discount rate. In order to do this, we: • evaluated these assumptions with reference to valuations of similar companies. • compared the key assumptions to externally derived data where possible, including market expectations of investment returns and projected economic growth. • Evaluated the revenue growth and discount rate used in management's cash flow projections. The results of our procedures indicated that the assumptions used by management for assessing goodwill impairment are considered.

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INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of
Derrimon Trading Company Limited
Page 4

Report on the audit of the consolidated and stand-alone financial statements

Key audit matter	How our audit addressed the key audit matters
The Group recognises expected credit losses (ECL) on financial assets measured at amortized cost. The determination of ECL is highly subjective and requires management to make significant judgement and estimates and the application of forward-looking information. The economic impact of COVID 19 on financial assets has resulted increased judgement in the following:- ❖ The identification of significant increase in credit risk, which now includes COVID 19 related qualitative factors. ❖ The incorporation of forward-looking information reflecting a range of possible future economic conditions which are highly uncertain. The combination of significant management estimates and judgement increases the risk that management estimates could be materially misstated. See notes 3(a), 4(i) and 13 of the financial statements.	Our audit procedures in response to this matter included: ❖ Obtaining an understanding of the model used by management for the calculation of expected credit losses on accounts receivable. ❖ Testing the completeness and accuracy of the data used in the models to the underlying accounting records. ❖ Involving our financial risk modelling specialist, to review the ECL model, assess the appropriateness of the company's impairment methodology, management's assumptions and compliance with the new requirements of IFRS 9, Financial Instruments. ❖ Assessing the appropriateness of the group's impairment methodology, management assumptions and compliance with the requirement of IFRS 9, Financial Instruments. ❖ Assessing the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with IFRS 9. ❖ Testing the accuracy of Group's ageing of accounts receivables. ❖ Testing the accuracy of the ECL calculation.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
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Report on the audit of the consolidated and stand-alone financial statements

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

Those charged with governance are responsible for overseeing the Group's and Company's financial reporting process.

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Report on the audit of the consolidated and stand-alone financial statements

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

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 these consolidated and stand-alone financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and 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 Group’s or Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
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Report on the audit of the consolidated and stand-alone financial statements

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

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and stand-alone financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited
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Report on other legal and regulatory requirements

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

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

The engagement partner on the audit resulting in this independent auditors' report is Wayne Strachan.

Baker Tilly
Chartered Accountants
Kingston, Jamaica
1 March 2022

Consolidated Statement of Financial Position

as at 31 December 2021

	Note	2021 $'000	2020 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,353,972	537,785
Intangible assets	6	1,648,203	438,643
Investments	8	297,273	163,695
Right-of-use assets	9	1,791,254	1,487,435
Deferred tax assets	10	-	9,859
		6,090,702	2,637,417
Current assets			
Inventories	11	2,680,576	2,186,560
Receivables	13	1,585,693	1,874,810
Taxation recoverable		4,692	-
Cash and cash equivalents	14	1,147,552	717,027
		5,418,513	4,778,397
TOTAL ASSETS		11,509,215	7,415,814
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	3,863,849	140,044
Capital reserves	16	94,638	94,638
Investment reserves	17	614	614
Foreign exchange reserves		1,885	-
Retained earnings		1,590,348	1,190,406
		5,551,334	1,425,702
Non-controlling interest	18	210,833	178,235
		5,762,167	1,603,937
Non-current liabilities			
Long term loans	19	1,636,429	2,166,389
Lease liabilities	9	1,677,212	1,437,367
Due to related party	12	191,823	-
Deferred tax liabilities	10	5,090	-
		3,510,554	3,603,756
Current liabilities			
Payables	20	1,393,912	718,109
Short term loans	21	296,200	1,056,013
Current portion of long term loans	19	111,227	179,231
Current portion of lease liabilities	9	298,123	165,538
Taxation payable		63,544	33,132
Bank overdraft	22	73,488	56,098
		2,236,494	2,208,121
TOTAL EQUITY AND LIABILITIES		11,509,215	7,415,814

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Director
Derrick Cotterell

Director
Earl Richards

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Revenue	23	17,744,717	12,777,464
Cost of sales		(14,335,509)	(10,294,801)
Gross profit		3,409,208	2,482,663
Unrealised gains on investments valued at fair value through profit and loss		3,960	2,647
Other operating income	24	103,893	97,856
Operating and administrative expenses	25	(2,327,728)	(1,424,862)
Selling and distribution expenses	25	(402,293)	(418,625)
Operating profit	26	787,040	739,679
Finance costs, net	28	(231,321)	(384,490)
Profit before taxation		555,719	355,189
Taxation	29	(107,536)	(44,100)
Profit after taxation, being total comprehensive income		448,183	311,089
Net profit attributable to:			
Stockholders of the Company		399.942	279,834
Non-controlling interest		48,241	31,255
		448,183	311,089
Earnings per ordinary stock unit attributable to shareholders of the company	33	$0.094	$0.102

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

				Equity Attributable to Shareholders of the Company				
	Number of Shares	Share Capital	Foreign Exchange Reserves	Capital Reserves	Investment Reserves	Retained Earnings	Non-controlling Interest	Total Equity
	'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	2,733,361	140,044	-	94,638	614	943,372	154,844	1,333,512
Dividends (Note 33)	-	-	-	-	-	(32,800)	-	(32,800)
Dividends paid by subsidiary to non-controlling interest (Note 18)	-	-	-	-	-	-	(7,864)	(7,864)
Total comprehensive income	-	-	-	-	-	279,834	31,255	311,089
Balance at 31 December 2020	2,733,361	140,044	-	94,638	614	1,190,406	178,235	1,603,937
Dividends paid by subsidiary to non-controlling interest (Note 18)	-	-	-	-	-	-	(15,727)	(15,727)
Foreign exchange reserves	-	-	1,885	-	-	-	84	1,969
Issue of shares	1,800,000	3,723,805	-	-	-	-	-	3,723,805
Total comprehensive income	-	-	-	-	-	399,942	48,241	448,183
Balance at 31 December 2021	4,533,361	3,863,849	1,885	94,638	614	1,590,348	210,833	5,762,167

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	2021 $'000	2020 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	555,719	355,189
Adjustments for:		
Amortization of right-of-use assets	232,043	188,254
Disposal of right-of-use asset	(7,060)	-
Depreciation	117,067	48,312
Fair value gains on financial assets	(3,960)	(2,647)
Loss on disposal of investment	3,682	-
Interest income	(16,322)	(31,043)
Lease interest expense	132,623	113,358
Interest expense	111,958	236,891
Expected credit loss allowance	(7,943)	37,799
(Gain)/losses on foreign exchange, net	3,062	34,241
	1,120,869	980,354
Changes in operating assets and liabilities:		
Increase/(decrease) in receivables	297,060	(879,540)
(Increase)/decrease in payables	1,058,578	(276,137)
Increase in related parties	191,823	-
Increase in inventories	(494,016)	(194,386)
Cash provided by/(used in) operating activities	2,174,314	(369,709)
Taxes paid	(66,868)	(26,494)
Interest paid	(129,358)	(219,491)
Lease interest paid	(132,623)	(113,358)
Interest received	16,322	31,043
Net cash provided by/(used in) operating activities	1,861,787	(698,009)
Investing Activities		
Purchase of investments	(133,300)	(18,069)
Investment in subsidiaries	(1,566,761)	-
Purchase of property, plant and equipment	(1,933,254)	(102,621)
Net cash used in investing activities	(3,633,315)	(120,690)
Financing Activities		
Lease principal payments	(200,359)	(94,014)
Shared capital	3,723,805	-
Long term loans, net	(597,964)	492,169
Dividends paid	-	(32,800)
Dividends paid by subsidiary to non-controlling interest	(15,727)	(7,864)
Short term loans, net	(759,813)	519,697
Net cash provided by financing activities	2,149,942	877,188
Net increase in cash and cash equivalents	378,414	58,489
Effect of exchange losses on cash and cash equivalents	34,721	(44,807)
Cash and cash equivalents at beginning of year	660,929	647,247
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,074,064	660,929
Represented by:		
Cash at bank and in hand	618,681	559,232
Short term deposits	528,871	157,795
Bank overdraft	(73,488)	(56,098)
	1,074,064	660,929

Company Statement of Financial Position
as at 31 December 2021

	Note	2021 $'000	2020 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,758,276	426,725
Intangible assets	6	33,220	33,220
Investment in subsidiaries and joint venture	7	2,283,390	942,541
Investments	8	107,729	4,744
Right-of-use assets	9	1,061,383	1,302,032
Deferred tax assets	10	-	18,891
		5,243,998	2,728,153
Current assets			
Inventories	11	1,522,167	1,975,934
Due from related parties	12	831,104	-
Receivables	13	1,078,489	1,691,442
Taxation recoverable		1,075	-
Cash and cash equivalents	14	924,318	504,159
		4,357,153	4,171,535
TOTAL ASSETS		9,601,151	6,899,688
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	3,863,849	140,044
Capital reserves	16	94,638	94,638
Investment reserves	17	614	614
Retained earnings		1,355,144	1,140,826
		5,314,245	1,376,122
Non-current liabilities			
Long term loans	19	1,594,814	2,162,588
Lease liabilities	9	972,686	1,256,180
Due to related parties	12	211,823	-
Deferred tax liabilities	10	2,369	-
		2,781,692	3,418,768
Current liabilities			
Payables	20	791,828	649,903
Short term loans	21	296,200	1,056,013
Current portion of long term loans	19	104,668	166,847
Current portion of lease liabilities	9	239,030	153,174
Taxation payables		-	22,763
Bank overdraft	22	73,488	56,098
		1,505,214	2,104,798
TOTAL EQUITY AND LIABILITIES		9,601,151	6,899,688

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Director — Derrick Cotterell

Director — Earl Richards

Company Statement of Comprehensive Income

Year ended 31 December 2021

	Note	2021	2020
		$'000	$'000
Revenue	23	11,037,979	11,650,661
Cost of sales		(9,298,936)	(9,483,271)
Gross profit		1,739,043	2,167,390
Unrealised losses on investments valued at fair value through profit or loss		(3,682)	(213)
Other operating income	24	428,598	99,097
Operating and administrative expenses	25	(1,309,125)	(1,206,285)
Selling and distribution expenses	25	(387,621)	(410,182)
Operating profit	26	467,213	649,807
Finance costs, net	28	(201,672)	(399,440)
Profit before taxation		265,541	250,367
Taxation	29	(51,223)	(24,723)
Profit after taxation, being total comprehensive income		214,318	225,644
Earnings per ordinary stock unit attributable to shareholders of the company	33	$0.050	$0.083

Company Statement of Changes in Equity
Year ended 31 December 2021

	Number of Shares	Share Capital	Investment Reserves	Capital Reserves	Retained Earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2020	2,733,361	140,044	614	94,638	947,982	1,183,278
Dividends (Note 33)	-	-	-	-	(32,800)	(32,800)
Total comprehensive income	-	-	-	-	225,644	225,644
Balance at 31 December 2020	2,733,361	140,044	614	94,638	1,140,826	1,376,122
Issue of shares (Note 15)	1,800,000	3,723,805	-	-	-	3,723,805
Total comprehensive income	-	-	-	-	214,318	214,318
Balance at 31 December 2021	4,533,361	3,863,849	614	94,638	1,355,144	5,314,245

Company Statement of Cash Flows

Year ended 31 December 2021

	2021 $'000	2020 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	265,541	250,367
Adjustments for:		
Depreciation	50,201	32,244
Amortization of right-of-use assets	169,472	182,854
Fair value losses on investments valued at fair value through profit or loss	3,682	213
Gain on disposal of right-of-use assets	(7,060)	-
Interest income	(10,693)	(29,833)
Lease interest rate	81,717	87,091
Loan interest expenses	107,796	248,057
Expected credit loss allowance	(6,721)	35,690
Losses on foreign exchange, net	22,852	64,292
	676,787	870,975
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	619,674	(881,898)
Increase/(decrease) in payables	390,527	(270,347)
Increase in related parties	(619,281)	-
Decrease/(increase) in inventories	453,767	(225,082)
Cash provided by/(used in) operating activities	1,521,474	(506,352)
Taxes paid	(53,800)	(19,500)
Lease interest paid	(81,717)	(87,091)
Loan interest paid	(125,196)	(230,657)
Interest received	10,693	29,833
Net cash provided by/(used in) operating activities	1,271,454	(813,767)
Investing Activites		
Purchase of property, plant and equipment	(1,381,752)	(73,594)
Investment in subsidiary	(1,566,761)	-
Purchase of investment	(106,667)	-
Net cash used in investing activities	(3,055,180)	(73,594)
Financing Activities		
Long term loans, net	(629,953)	498,352
Dividends paid	-	(32,800)
Lease principal payments	(163,798)	(169,063)
Issue of shares	3,723,805	-
Short-term loans, net	(759,813)	521,013
Net cash provided by financing activities	2,170,241	817,502
Net increase/(decrease) in cash and cash equivalents	386,515	(69,859)
Foreign exchange effect on cash and cash equivalents	16,254	-
Cash and cash equivalents at beginning of year	448,061	517,920
CASH AND CASH EQUIVALENTS AT END OF YEAR	850,830	448,061
Represented by:		
Cash at bank and cash in hand	547,745	481,868
Short term deposits	376,573	22,291
Bank overdraft	(73,488)	(56,098)
	850,830	448,061

Notes to the Financial Statements

31 December 2021

1. Identification and principal activities

Derrimon Trading Company Limited ("the Company") was incorporated in 1998 and is domiciled in Jamaica. The Company is listed on the Junior Market of the Jamaica Stock Exchange (JSE). The Company's registered office is located at 233-235 Marcus Garvey Drive, Kingston 11.

On February 23, 2021, the company was successful in issuing an Additional Public Offer (APO) on the Junior Market of the Jamaica Stock Exchange of 1,800,000,000 ordinary share. This resulted in the subscribed participating voting share capital exceeding the limit of J$500m as prescribed by the Junior Market. In keeping with Section 505 (7) (b) rules, the company was approved to remain on the Junior Market.

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

The company provides management and administration services to Marnock LLC and Marnock Retail LLC. These services include the procurement of goods from suppliers, financial management, Information Technology, Human Resources and other related services. Management fees in respect of these services are charged in the Statement of Comprehensive Income (Note 24).

Notes to the Financial Statements
31 December 2021

1. Identification and principal activities (continued)

These financial statements present the results of operations and financial positions of the Company and its subsidiaries, which are referred to as "the Group"; the subsidiaries are as follows:

Subsidiaries	Principal Activities	% Ownership by Company at 31 December 2021	% Ownership by Company at 31 December 2020
CFFL	Manufacture of Flavours and Fragrances	65.02%	65.02%
Select Grocers	Operation of Supermarket	60%	60%
Woodcats International Limited	Manufacturers of wooden pallets	100%	100%
Marnock Retail LLC	Operation of Supermarket	100%	-
Marnock LLC	Operation of Wholesale	80%	-

Derrimon Trading Company Limited (DTCL) as at December 31, 2021, owns 65.02% of the shares of CFFL, the same as the prior year.

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

DTCL continues to hold 100% of the shares of Woodcats International Limited, a manufacturer of wooden pallets, making it a wholly-owned subsidiary.

On January 8, 2021, DTCL acquired 100% of the shares of Marnock Retail LLC, a supermarket domiciled in the United States of America, making it a wholly-owned subsidiary.

On January 8, 2021, DTCL acquired 80% of the shares of Marnock LLC, a wholesale operator domiciled in the United States of America.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention, as modified by the valuation of certain items. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgement in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in Note 4.

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the Group's operations

There were no new standards, interpretations and amendments to existing standards that have been published that became effective during the current financial year that is relevant to the Group's operations.

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the Group has not early adopted. The Group has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022). In March 2018, the IASB issued the 2018 Conceptual Framework and most references to the Framework included in IFRSs were updated to the 2018 Framework at that time. However, paragraph 11 of IFRS 3 Business Combinations, which continued to refer to the 1989 Framework, was not updated as this could have caused conflicts for entities applying IFRS 3. IASB identified three possible amendments to IFRS 3 that would update IFRS 3 without significantly changing its requirements. The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;

- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and

- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)

The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023) affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;

- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and

- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Notes to the Financial Statements
31 December 2021

2. **Summary of significant accounting policies (continued)**

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective for annual periods beginning on or after 1 January 2022) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37), (effective for annual periods beginning on or after 1 January 2022) specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Standards 2018–2020 are effective for annual reporting periods beginning on or after 1 January 2022. The amendments include minor changes to the following applicable standards:

- IFRS 9 'Financial Instruments' - **Fees in the '10 per cent' test for derecognition of financial liabilities**. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 'Leases' - **Lease incentives**. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the Group (continued)

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendments to IAS 1, Presentation of financial statements' on classification of liabilities, (effective for annual periods beginning on or after 1 January 2023). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the Group.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(b) Business combination and goodwill

The Group applies the acquisition method in accounting for a business combination. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and the equity interests issued by the group.

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

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

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

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

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2021. A subsidiary is an entity controlled by the company. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee, if and only if, the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring its accounting policy in line with the group's accounting policy. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated in full on consolidation.

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries
When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(d) Going concern

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

Management has assessed that the Company and Group have the ability to continue as a going concern and has prepared the financial statements on the going concern basis. The basis of preparation presumes that the company will be able to realize its assets and discharge its liabilities in the normal course of business.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

The Company has identified the following segments:

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

Wholesale (Trading outlets and supermarkets); and

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

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment

(i) Owned assets:
Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and related costs to put the asset into service.

The cost of replacing part of an item of plant and equipment is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the business and its cost can be measured reliably. The costs of day-to-day servicing of plant and equipment are recognized in profit or loss as incurred.

(ii) Depreciation
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see below). Depreciation is calculated on a reducing balance basis at rates to write off the carrying value of the assets over their period of expected useful lives. The annual depreciation rates are as follows:

Buildings	2.5%
Leasehold improvements	2.5%
Machinery and equipment	10%
Furniture, fittings and fixtures	20%
Motor vehicles	20%
Computer	33.33%
Right-of-use assets	Straight-line over the period of the lease term

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(g) Financial Instruments

Classification
The Group and Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group and company reclassify debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group and Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(g) Financial Instruments (continued)

Debt instruments
Subsequent measurement of debt instruments depends on the group's and company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group and company classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment
The Group and Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(h) Intangible assets
Items of intangible assets represent purchased computer software not integral to computer hardware, with finite useful lives that are acquired separately and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful life of three years.

(i) Impairment of non-financial assets
Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash-generating units).

(j) Inventories
Inventories are stated at the lower of cost and net realizable value, cost being determined on a first in first out basis. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

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

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

(l) Cash and cash equivalents
Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and bank overdraft.

(m) Share capital
Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(n) Dividends

Dividends on ordinary shares are recognized in shareholder's equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors while shareholders approve final dividends at the Annual General Meeting. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(q) Provisions
Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(r) Fair value of financial instruments
A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial assets carried on the statement of financial position include investments, loan receivables, cash and cash equivalents and receivables. Financial liabilities consist of payables, long term loans, short term loans, lease liabilities, directors' loans, short term loans, bank overdraft and due to related companies.

Generally financial instruments are recognized on the statement of financial position when the group becomes a party to the contractual provisions of the instruments. The particular recognition methods adopted are disclosed in the respective accounting policies associated with each item.

(s) Related party transactions
Related parties:

A party is related to the group, if:

(i) directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the group (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the group that gives it significant influence over the group; or has joint control over the group;
(ii) the party is an associate of the group;
(iii) the party is a joint venture in which the group is a venturer;
(iv) the party is a member of the key management personnel of the group or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is the group that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the group, or of any company that is a related party of the group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Notes to the Financial Statements
31 December 2021

2. Summary of significant accounting policies (continued)

(t) Revenue recognition

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

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

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

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

ii. **Dividend income**
Dividends are recognized when declared, and the right to receive payment is established.

iii. **Other operating income**
Includes gains and losses on disposal of assets, rental income received from investment properties and miscellaneous inflows. Income is recognized on the accrual basis.

Interest income is recognised as it accrues unless collectability is in doubt. Interest income is calculated is in doubt. Interest income is calculated by applying the effective interest rate the gross carrying amount of financial assets.

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(u) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current and deferred taxes are recognized as income tax expense or benefit in the statement of comprehensive income except, where they relate to items recorded in shareholders' equity, they are also charged or credited to shareholders' equity.

(i) Current taxation

Current tax is the expected taxation payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable and tax losses in respect of previous years.

(ii) Deferred income taxes

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

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

Current and deferred tax assets and liabilities are offset when the legal right of offset exists.

(v) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the statement of financial position date; that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains or losses arising from fluctuations in the exchange rates are reflected in the statement of comprehensive income.

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(w) Right-of-use assets and lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

(i) Leases of low value assets; and
(ii) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

(i) amounts expected to be payable under any residual value guarantee;
(ii) the exercise price of any purchase option granted in favour of the group if it is reasonable certain to assess that option;
(iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the Group:

(i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
(ii) makes adjustments specific to the lease, e.g. term, currency and security.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

(i) lease payments made at or before commencement of the lease;
(ii) initial direct costs incurred; and
(iii) the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(w) Right-of-use assets and lease liabilities (continued)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued as US$5,000 or less when new. The group has no short-term leases or leases for low valued assets at this time.)

Extension and termination options
Extension and termination options are included in a number of property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

Notes to the Financial Statements

31 December 2021

2. Summary of significant accounting policies (continued)

(w) Right-of-use assets and lease liabilities (continued)

- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Notes to the Financial Statements
31 December 2021

3. Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the group's financial performance.

The group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the group's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

Audit Committee

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

(a) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

Risk management

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the group's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(a) Credit risk (continued)

Management determines concentrations of credit risk by monitoring the credit-worthiness rating of existing customers and through a monthly review of the trade receivables ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit sales are made only with approval.

Security
The group and the company do not hold any collateral as security.

Impairment of financial assets
The group and the company have one type of financial asset that is subject to the expected credit loss model:
- trade receivables

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables
The group and the company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2021 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group and the company have identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables:

The Group

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	3%	7%	9%	12%	6%
Gross carrying amount – trade receivables	444,398	301,293	91,202	200,863	1,037,756
Loss allowance	14,153	20,155	8,305	23,222	65,835

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	5%	9%	11%	13%	8%
Gross carrying amount – trade receivables	332,236	339,773	115,312	108,605	895,926
Loss allowance	16,612	30,580	12,684	13,902	73,778

The Company

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	4%	10%	12%	15%	9%
Gross carrying amount – trade receivables	307,941	188,946	51,857	150,183	698,927
Loss allowance	12,317	18,895	6,223	22,383	59,818

31 December 2020	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	3%	11%	13%	15%	9%
Gross carrying amount – trade receivables	276,066	301,171	92,429	86,947	756,613
Loss allowance	8,282	33,661	11,554	13,042	66,539

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(a) Credit risk (continued)

The closing loss allowances for trade receivables as at 31 December 2021 reconcile to the opening loss allowances as follows:

The Group

	Trade receivables 2021 $'000	Trade receivables 2020 $'000
Opening loss allowance	73,778	32,812
(Decrease)/increase in loss allowance recognised in profit or loss during the year	(7,943)	37,799
Bad debts written off during the year	-	3,167
Closing balance at end of year	65,835	73,778

The Company

	Trade receivables 2021 $'000	Trade receivables 2020 $'000
Opening loss allowance	66,539	32,380
(Decrease)/increase in loss allowance recognised in profit or loss during the year	(6,721)	35,690
Bad debts recovered during the year	-	(1,531)
Closing balance at end of year	59,818	66,539

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and company, and a failure to make contractual payments for a period of greater than 90 days past due.

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(a) Credit risk (continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 December 2021 trade receivables had lifetime expected credit losses of $Nil (2020: Nil).

Net impairment losses on financial assets recognised in profit or loss
During the year, the following losses were recognised in profit or loss in relation to impaired financial assets:

The Group

	2021	2020
	$'000	$'000
Impairment losses		
- Movement in loss allowance for trade receivables	(7,943)	37,799
Net impairment losses on financial assets	(7,943)	37,799

The Company

	2021	2020
	$'000	$'000
Impairment losses		
- Movement in loss allowance for trade receivables	(6,721)	35,690
Net impairment losses on financial assets	(6,721)	35,690

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(a) Credit risk (continued)
Exposure to credit risk for trade receivables

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

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Supermarket chains	131,175	156,096	118,718	156,096
Wholesale and retail distributors	628,880	498,750	470,214	498,750
Government entities	10,536	9,748	10,536	9,748
Manufactures	157,715	135,884	-	-
Other	32,695	29,318	31,688	29,318
	961,001	829,796	631,156	693,912
Overseas	76,755	66,130	67,771	62,701
Total (note 14)	1,037,756	895,926	698,927	756,613

Overseas customers mainly relate to customers in the United States and the United Kingdom and represent approximately 8% (20-0.72%) of the total balance. The currencies of these countries are considered stable and consistently appreciate against the Jamaican dollar, and no risk of any significant loss is anticipated in this category of overseas customers.

There were no changes from the prior year, in the Group's exposure to credit risk or the manner in which it manages and measures the risk.

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The group's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;
(i) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
(ii) Maintaining a committed line of credit;
(iii) Optimising cash returns on investments.

Undiscounted cash flows of financial liabilities

The maturity profile of the group's financial liabilities at year end on contractual undiscounted payments was as follows:

The Group:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
			2021		
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	64,150	192,998	10,954,080	11,211,228	1,975,335
Long term loans	50,922	176,760	1,926,584	2,154,266	1,747,656
Payables	1,393,912	-	-	1,393,912	1,393,912
Short-term loans	77,549	252,463	-	330,012	296,200
Related parties	191,823	-	-	191,823	191,823
Bank overdraft	73,488	-	-	73,488	73,488
	1,851,844	622,221	12,880,664	15,354,729	5,678,414
			2020		
Lease liabilities	65,751	728,557	1,723,247	2,517,555	1,602,905
Long term loans	81,698	244,748	2,337,536	2,663,982	2,345,620
Payables	718,109	-	-	718,109	718,109
Short-term loans	874,009	217,232	-	1,091,241	1,056,013
Bank overdraft	56,098	-	-	56,098	56,098
	1,795,665	1,190,537	4,060,783	7,046,985	5,778,745

Assets available to meet all of the liabilities and to cover financial liabilities include cash at bank and in hand, short term deposits and guarantee from the ultimate parent company.

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities (continued)

The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

The Company:

	1 to 3 months	3 to 12 months	1 to 5 Years	Contractual cashflows	Carrying amount
			2021		
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	53,624	160,872	10,724,768	10,939,264	1,211,716
Long term loans	48,831	169,367	1,896,868	2,115,066	1,699,482
Payables	791,828	-	-	791,828	791,828
Short-term loans	77,549	252,463	-	330,012	296,200
Related parties	211,823	-	-	211,823	211,823
Bank overdraft	73,488	-	-	73,488	73,488
	1,257,143	582,702	12,621,636	14,461,481	4,284,537
			2020		
	$'000	$'000	$'000	$'000	$'000
Lease liabilities	59,034	708,408	1,434,517	2,201,959	1,409,354
Long term loans	79,771	239,878	2,325,771	2,645,420	2,329,435
Payables	649,903	-	-	649,903	649,903
Short-term loans	874,009	217,232	-	1,091,241	1,056,013
Bank overdraft	56,098	-	-	56,098	56,098
	1,718,815	1,165,518	3,760,288	6,644,621	5,500,803

Assets available to meet all of the liabilities and to cover financial liabilities include Cash at bank and in hand and guarantee from the ultimate parent company.

(c) Market risk

The group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates (see 3c(i)) and interest rates (see 3c(ii)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which it manages and measures the risk.

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(c) Market risk (continued)

(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 Group is exposed to foreign exchange risk arising from exposure primarily to the US dollar and Euro. The group is primarily exposed to such risks arising from transactions for purchases, sales and investments.

The Statement of Financial Position for the Group as at 31 December 2021 includes net foreign assets/(liabilities) of US$1,206,758 and €3,004 (2020: (US$838,814) and €17,613) in respect of such transactions arising in the ordinary course of business.

The Statement of Financial Position for the Company as at 31 December 2021 includes net foreign assets of US$820,083 (2020: US$513,954 in respect of such transactions arising in the ordinary course of business.

The following tables demonstrates the sensitivity to fluctuations in the exchange rates of the currencies held by the group and company before tax, with all other variables held constant.

The Group:

	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
	Effect on Profit and loss and equity			
	Revaluation 2%	Devaluation 8%	Revaluation 2%	Devaluation 6%
Currency:				
USD	18,999	(55,220)	(662)	(160)

The Company:

	2021	2021	2020	2020
	$'000	$'000	$'000	$'000
	Effect on Profit and loss and equity			
	Revaluation 2%	Devaluation 8%	Revaluation 2%	Devaluation 6%
Currency:				
USD	16,402	(65,607)	(2,971)	8,914

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

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

The Group earns interest on its long term investments at a fixed rate with durations of between 2 and over 5 years for repricing.

The Group earns interest on its short term deposits disclosed in Note 15. As these deposits have a short term to maturity and are constantly reinvested at current market rates, they are not significantly exposed to interest rate risk.

The Group incurs interest on its borrowings disclosed in Notes 20 and 22. These borrowings are at fixed rates and expose the Group to fair value interest rate risk. Interest rate fluctuations are not expected to have a material effect on the net results or stockholders' equity. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

At the reporting date, the group's financial liabilities subject to interest rates aggregated $4,092,678,000; (2020 - $5,060,636,000). The group contracts financial liability at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The following table summarises the group's exposure to interest rate risk. It includes the group's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

The Group:

	1 to 3 months	3 to 12 months	1 -5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000
			2021		
Assets					
Investments	-	-	281,211	16,062	297,273
Receivables	-	153,000	-	1,432,802	1,585,802
Cash and cash equivalents	1,066,239	-	-	81,313	1,147,552
Total financial assets	1,066,239	153,000	281,211	1,530,177	3,030,627
Liabilities					
Payables	-	-	-	1,393,912	1,393,912
Short term loans	296,200	-	-	-	296,200
Related party	-	-	-	191,823	191,823
Bank overdraft	73,488	-	-	-	73,488
Long term loans	27,807	83,420	1,636,429	-	1,747,656
Lease liabilities	74,534	223,589	1,677,212	-	1,975,335
Total financial liabilities	472,029	307,009	3,313,641	1,585,735	5,678,414
Total interest re-pricing gap	594,210	(154,009)	(3,032,430)	(55,558)	(2,647,787)

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Group:

	1 to 3 months	3 to 12 months	1 - 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000
			2020		
Assets					
Receivables	-	-	-	1,874,810	1,874,810
Investments	-	-	-	163,695	163,695
Cash and cash equivalents	-	-	-	717,027	717,027
Total financial assets	-	-	-	2,755,532	2,755,532
Liabilities					
Payables	-	-	-	718,109	718,109
Short term loans	1,056,013	-	-	-	1,056,013
Long term loans	44,808	134,423	2,166,389	-	2,345,620
Lease liabilities	41,385	124,153	1,437,367	-	1,602,905
Bank overdraft	56,098	-	-	-	56,098
Total financial liabilities	1,198,304	258,576	3,603,756	718,109	5,778,745
Total interest re-pricing gap	(1,198,304)	(258,576)	(3,603,756)	2,037,423	(3,023,213)

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

At the reporting date, the company's financial liabilities subject to interest rates aggregated $1,963,306,000; (2020 - $4,850,905,000). The company contracts financial liability at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

The following table summarises the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

The Company:

	1 to 3 months	3 to 12 months	1 -5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000
			2021		
Assets					
Investment securities	-	-	106,667	1,062	107,729
Receivables	-	153,000	-	925,489	1,078,489
Due from related party	831,104	-	-	-	831,104
Cash and cash equivalents	869,384	-	-	54,934	924,318
Total financial assets	1,700,488	153,000	106,667	981,485	2,941,640
Liabilities					
Due to related party	-	-	-	211,823	211,823
Lease Liabilities	59,579	179,271	434,866	-	1,211,716
Long term loans	24,324	80,344	1,594,814	-	1,699,482
Short term loans	296,200	-	-	-	296,200
Payables	-	-	-	791,828	791,828
Bank overdraft	73,488	-	-	-	73,488
Total financial liabilities	453,591	259,615	2,029,680	1,003,651	4,454,616
Total interest re-pricing gap	(30,697)	(106,615)	(1,923,013)	(22,166)	(1,512,976)

Notes to the Financial Statements
31 December 2021

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Company:

	1 to 3 months $'000	3 to 12 months $'000	1 - 5 years $'000	Non-interest bearing $'000	Total $'000
			2020		
Assets					
Investment securities	-	-	-	4,744	4,744
Receivables	-	-	-	1,691,442	1,691,442
Cash and cash equivalents	22,291	-	-	481,868	504,159
Total financial assets	22,291	-	-	2,178,054	2,200,345
Liabilities					
Lease liabilities	38,295	114,884	1,256,180	-	1,409,359
Long term loans	41,712	125,135	2,162,588	-	2,329,435
Short term loans	1,056,013	-	-	-	1,056,013
Payables	-	-	-	649,903	649,903
Bank overdraft	56,098	-	-	-	56,098
Total financial liabilities	1,192,118	240,019	3,418,768	649,903	5,550,808
Total interest re-pricing gap	(1,169,827)	(240,019)	(3,418,768)	1,528,151	(3,300,463)

The group and company have no significant sensitivity to interest rate risk as all borrowings are at fixed rates.

Notes to the Financial Statements
31 December 2021

3. Financial Risk Management (continued)

(d) Capital management

The Group defines capital as equity and total borrowings. The Group manages its capital, of $7.6 billion to support and be responsive to opportunities for its current growth strategy and expansion plans and to maintain its normal operations and remain compliant with various covenants and restrictive rules and regulations of the industry and the financial environment in which it operates.

Capital Management Strategies

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

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

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Total borrowings (excluding lease liabilities)	2,043,856	3,401,633	1,995,682	3,385,448
Equity and total borrowing	7,595,190	4,827,335	7,309,926	4,761,570
Gearing ratio	27%	70%	27%	71%

Notes to the Financial Statements

31 December 2021

3. Financial risk management (continued)

(e) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The amount included in the financial statements for cash at bank and in hand, loan receivables, receivables, payables, short term loans and bank overdraft reflect their approximate fair values because of the short-term maturity of these instruments.

The fair values of long-term loans approximate amortised costs.

The fair values of directors' account and due to related companies could not be reasonably assessed as there are no set repayment terms.

Notes to the Financial Statements
31 December 2021

4. Critical accounting estimates and judgments in applying accounting policies

The group and company make estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group and company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's and company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the group and company recognise liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) Depreciable assets

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

(iv) Recognition and measurement of intangible assets

The recognition and measurement of intangible assets, other than goodwill, in a business combination, involve the utilization of valuation techniques. These intangibles may be market related, consumer related, contract based or technology based. For significant amounts of intangibles arising from a business combination, the group and company has utilized independent professional advisors to assist management in determining the recognition and measurement of these assets.

Notes to the Financial Statements

31 December 2021

4. Critical accounting estimates and judgments in applying accounting policies (continued)

(v) Valuation of financial instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the group and company determine fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

Notes to the Financial Statements
31 December 2021

5. Property, plant and equipment

The Group:

	Land and Buildings	Leasehold Improvements	Furniture & Equipment	Motor Vehicles	Computers	Construction Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
1 January 2020	65,432	217,498	347,346	123,742	34,924	-	788,942
Additions	701	39,024	49,103	2,459	11,334	-	102,621
31 December 2020	66,133	256,522	396,449	126,201	46,258	-	891,563
Additions	222,196	435,228	219,245	92,188	358,878	605,519	1,933,254
Disposal	-	-	-	(24,995)	-	-	(24,995)
31 December 2021	288,329	691,750	615,694	193,394	405,136	605,519	2,799,822
Depreciation -							
1 January 2020	12,340	14,800	190,051	68,384	19,891	-	305,466
Charge for the year	1,002	5,643	24,874	14,906	1,887	-	48,312
31 December 2020	13,342	20,443	214,925	83,290	21,778	-	353,778
Charge for the year	2,354	25,528	50,115	20,395	18,675	-	117,067
Relieved on disposals	-	-	-	(24,995)	-	-	(24,995)
31 December 2021	15,696	45,971	265,040	78,690	40,453	-	445,850
Net book value -							
31 December 2021	272,633	645,779	350,654	114,704	364,683	605,519	2,353,972
31 December 2020	52,791	236,079	181,524	42,911	24,480	-	537,785

Notes to the Financial Statements
31 December 2021

5. Property, plant and equipment

The Company:

	Land and Buildings	Leasehold Improvements	Furniture & Fixtures	Motor Vehicles	Computers	Construction Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
1 January 2020	62,019	147,601	308,116	83,029	29,769	-	630,534
Additions	701	32,387	27,159	2,459	10,888	-	73,594
31 December 2020	62,720	179,988	335,275	85,488	40,657	-	704,128
Additions	222,196	145,786	21,059	39,700	347,492	605,519	1,381,752
Disposals	-	-	-	(24,995)	-	-	(24,995)
31 December 2021	284,916	325,774	356,334	100,193	388,149	605,519	2,060,885
Depreciation -							
1 January 2020	10,134	7,564	162,811	47,914	16,736	-	245,159
Charge for the year	1,002	4,302	17,725	7,515	1,700	-	32,244
31 December 2020	11,136	11,866	180,536	55,429	18,436	-	277,403
Charge for the year	2,354	4,566	17,506	9,267	16,508	-	50,201
Relieved on disposals	-	-	-	(24,995)	-	-	(24,995)
31 December 2021	13,490	16,432	198,042	39,701	34,944	-	302,609
Net book value -							
31 December 2021	271,426	309,342	158,292	60,492	353,205	605,519	1,758,276
31 December 2020	51,584	168,122	154,739	30,059	22,221	-	426,725

Notes to the Financial Statements
31 December 2021

6. Intangible assets

	Group			Company		
	Goodwill	Brand	Total	Goodwill	Brand	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
1 January 2021	182,119	256,523	438,642	33,220	-	33,220
Business acquisition	1,209,561	-	1,209,561	-	-	-
31 December 2021	1,391,680	256,523	1,648,203	33,220	-	33,220

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

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

Goodwill of $917,021,00 is allocated to Marnock LLC, and $292,540,000 to Marnock Retail LLC. Marnock LLC is in the wholesale segment, while Marnock Retail LLC is in the retail segment.

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value maybe impaired. This requires an estimation of the recoverable amount of the cash generating unit (CUG) to which goodwill is allocated. The recoverable amount is determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CUG and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows. The cash flow projections are based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates (which do not exceed the long-term average growth rate for the business in which the CUG operates). The key assumptions used for value in use calculations are as follows:

	Revenue growth rate	EBITDA to revenue	Capital expenditure to revenue	Discount rate
Marnock LLC	5%	11%	0.3%	7.25%
Marnock Retail LLC	5%	11%	0.3%	7.25%

Notes to the Financial Statements
31 December 2021

6. Intangible assets (continued)

Goodwill

During the year, the Company acquired subsidiaries and voting shares as follows:

Date of Acquisition	Subsidiaries	Principal Activities	Proportion of issued share capital held by company
January 1, 2021	Marnock LLC	Wholesale distribution of grocery, food items	80%
January 1, 2021	Marnock Retail LLC	Retail Supermarket	100%

The fair value of the identifiable assets and liabilities of the subsidiaries as at the date of acquisition were:

	Marnock LLC	Marnock Retail LLC	Total
	$'000	$'000	$'000
Non-current assets			
Plant and equipment	309,384	157,238	466,622
	309,384	157,238	466,622
Current assets			
Inventories	208,963	65,330	274,293
Receivables	168,310	45,598	213,908
Due from related party	26,420	-	26,420
Cash at bank and in hand	2,992	106,819	109,811
	406,685	217,747	624,432
Non-current liabilities			
Long-term loans	7,398	6,750	14,148
	7,398	6,750	14,148
Current liabilities			
Payables	284,005	215,437	499,442
Due to related party	-	26,420	26,420
	284,005	241,857	525,862
Fair value of net assets	424,666	126,378	551,044

Notes to the Financial Statements
31 December 2021

6. Intangible assets (continued)

Goodwill (continued)

	Marnock LLC	Marnock Retail LLC	Total
	$'000	$'000	$'000
Goodwill at acquisition:			
Purchase consideration	1,256,754	418,918	1,675,572
Non-controlling interest	84,933	-	84,933
Less: Fair value of net assets acquired	(424,666)	(126,378)	(551,044)
	917,021	292,540	1,209,561

Results for the year ended 31 December 2021

	Marnock LLC	Marnock Retail LLC	Total
	$'000	$'000	$'000
Revenue	3,806,575	1,539,316	5,345,891
Net profit	102,103	27,663	129,766

Notes to the Financial Statements
31 December 2021

6. Intangible assets (continued)

Goodwill (continued)

Cash flow on acquisition

	2021
	$'000
Total consideration transferred	1,675,572
Less: cash, net transferred from subsidiaries on acquisition	(108,811)
Acquisition of subsidiaries, net of cash acquired	1,566,761

Impairment tests for goodwill

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

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

Notes to the Financial Statements
31 December 2021

7. Investment in subsidiaries and joint venture

	The Company	
Investment in Subsidiaries and Joint Venture	2021	2020
	$'000	$'000
Caribbean Flavours & Fragrances Limited	438,722	438,722
Woodcats International Limited	355,000	355,000
Long-term Investment	148,819	148,819
Marnock LLC	1,009,451	-
Marnock LLC Retail	331,398	-
Balance at the end of the year	2,283,390	942,541

Select Grocers: Summarized financial information as at 31 December 2021

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

	2021	2020
Current assets	183,759	225,142
Cash and cash equivalents included in current assets	36,335	16,841
Non-current assets	309,142	294,095
Current liabilities	60,816	143,425
Current financial liabilities, excluding trade and other payables and provision, included in current liabilities	30,774	27,246
Non-current liabilities	238,358	16,469
Revenue	615,388	683,745
Depreciation and amortization	37,100	36,598
Interest expense (including lease expense)	(15,748)	12,152
Profit or loss from continuing operations	50,023	28,765
Post-tax profit or loss from continuing operations	50,023	28,765
Total comprehensive income	50,023	28,765

Notes to the Financial Statements
31 December 2021

7. Investment in subsidiaries and joint venture (continued)

As at 31 December 2021, the Company has holdings of 65% of the issued shares of Caribbean Flavours and Fragrances Limited (CFFL), 100% of the issued shares of Woodcats International Limited (WIL) and Marnock Retail LLC and 80% of the issued shares of Marnock LLC.

Caribbean Flavours and Fragrances Limited: Summarized financial information as at December 31, 2021

	2021	2020
	$'000	$'000
Dividends received from subsidiary	29,233	14,616
Current assets	598,589	529,080
Cash and cash equivalents included in current assets	285,381	295,426
Non-current assets	125,838	105,936
Current liabilities	90,536	57,957
Current financial liabilities, excluding trade and other payables and provision, included in current liabilities	8,578	6,725
Non-current liabilities	101,562	87,062
Revenue	637,714	593,753
Depreciation and amortization (including rights of use)	12,645	13,969
Interest income	3660	1,206
Interest expense (including lease liabilities)	(7,069)	(6,778)
Income tax expense	(8,903)	(14,213)
Profit or loss from continuing operations	88,498	96,512
Post-tax profit from continuing operations	79,595	82,299
Total comprehensive income	79,595	82,299

Notes to the Financial Statements
31 December 2021

7. Investment in subsidiaries and joint venture (continued)

Woodcats International Limited: Summarized financial information as at December 31, 2021

	2021	2020
	$'000	$'000
Current assets	357,863	255,831
Cash and cash equivalents included in current assets	26,010	20,133
Non-current assets	264,940	256,474
Current liabilities	221,277	59,632
Current financial liabilities, excluding trade and other payables and provision, included in current liabilities	27,722	11,384
Non-current liabilities	87,817	113,599
Revenue	723,132	533,049
Depreciation and amortization	39,267	19,020
Interest income	(1,968)	4
Interest expense	(3,114)	(9,529)
Income tax expense	(12,914)	(5,194)
Profit or loss from continuing operations	53,266	22,648
Post-tax profit or loss from continuing operations	40,351	17,454
Total comprehensive income	40,351	17,454

Marnock LLC: Summarized financial information as at December 31, 2021

	2021	2020
	$'000	$'000
Current assets	844,853	-
Cash and cash equivalents included in current assets	6,696	-
Non-current assets	292,019	-
Current liabilities	398,469	-
Current financial liabilities, excluding trade and other payables and provision, included in current liabilities	-	-
Non-current liabilities	806,066	-
Revenue	3,806,575	-
Depreciation and amortization	68,459	-
Interest income	-	-
Interest expense	44,989	-
Income tax expense	27,141	-
Profit or loss from continuing operations	129,244	-
Post-tax profit or loss from continuing operations	102,103	-
Total comprehensive income	102,103	-

Notes to the Financial Statements

31 December 2021

7. Investment in subsidiaries and joint venture (continued)

Marnock Retail LLC: Summarized financial information as at December 31, 2021

	2021	2020
	$'000	$'000
Current assets	235,831	-
Cash and cash equivalents included in current assets	29,643	-
Non-current assets	148,293	-
Current liabilities	45,860	-
Current financial liabilities, excluding trade and other payables and provision, included in current liabilities	-	-
Non-current liabilities	153,920	-
Revenue	1,539,316	-
Depreciation and amortization	13,624	-
Interest income	-	-
Interest expense	421	-
Income tax expense	-	-
Profit or loss from continuing operations	35,016	-
Post-tax profit or loss from continuing operations	7,353	-
Total comprehensive income	7,353	-

8. Investments

	The Group		The Company	
	2021	2020	2021	2020
	$’000	$’000	$’000	$’000
Bonds	15,000	-	-	-
Quoted shares	1,062	4,744	1,062	4,744
Preference shares	106,667	-	106,667	-
Mutual Funds	174,544	158,951	-	-
	297,273	163,695	107,729	4,744

Notes to the Financial Statements

31 December 2021

9. Right-of-use assets and related lease obligations

(i) Amounts recognized in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases: -

Right-of-use assets

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance as at beginning of the year	1,487,607	1,039,077	1,302,032	945,179
Additions	606,142	629,249	-	540,814
Disposals	(77,290)	(6,338)	(77,290)	(6,338)
Adjustment	(3,742)	-		-
Remeasurement based on variable lease	10,580	13,701	6,113	5,231
Amortisation	(232,043)	(188,254)	(169,472)	(182,854)
Balance as at end of year	1,791,254	1,487,435	1,061,383	1,302,032

Lease liabilities

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance as at end of year	1,975,335	1,602,905	1,211,716	1,409,354
Current	(298,123)	(165,538)	(239,030)	(153,174)
Non-current	1,677,212	1,437,367	972,686	1,256,180

Notes to the Financial Statements

31 December 2021

9. Right-of-use assets and related lease obligations (continued)

(ii) Amounts recognized in the Statement of Comprehensive Income

The Statement of Comprehensive Income shows the following amounts relating to leases:

	The Group 2021 $'000	The Company 2021 $'000
Amortisation charge of right-of-use assets (included in administrative expenses)	232,043	169,472
Interest expense (included in finance costs)	132,623	81,717
Effect of foreign exchange	44,158	44,397

	The Group 2020 $'000	The Company 2020 $'000
Amortisation charge of right-of-use assets (included in administrative expenses)	188,254	182,854
Interest expense (included in finance costs)	113,358	87,091
Lease liabilities payment concession	(30,204)	(30,204)
Effect of foreign exchange	64,292	64,292

(iii) Amounts recognized in the Statement of Cash Flows

	The Group 2021 $'000	The Company 2021 $'000	The Group 2020 $'000	The Company 2020 $'000
Total cash outflows for leases	332,982	245,515	150,391	139,057

Notes to the Financial Statements
31 December 2021

10. Deferred tax (liabilities)/assets

Deferred tax (liabilities)/assets is calculated in full on all temporary differences under the liability method using the applicable tax rate.

Deferred tax (liabilities)/assets recognised on the Statement of Financial Position are as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax (liabilities)/assets	(5,090)	9,859	(2,369)	18,891

The movement on the net deferred tax (liabilities)/assets balance is as follows:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Net assets/(liabilities) at the beginning of year	9,859	(4,214)	18,891	5
Deferred tax (charged)/credited to profit and loss (Note 29)	(14,949)	14,073	(21,260)	18,886
Net (liabilities)/assets at the end of year	(5,090)	9,859	(2,369)	18,891

Deferred tax (liabilities)/assets is attributable to the following items:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax (liabilities)/assets:				
Property, plant and equipment	(46,633)	(18,764)	(44,000)	(12,289)
Interest receivable	-	(44)	-	-
Right-of-use assets, net of lease obligations	37,335	28,068	37,583	26,830
Interest payable	413	4,350	-	4,350
Unrealised foreign exchange gains	3,795	(3,751)	4,048	-
Net deferred tax assets/(liabilities) at end of year	(5,090)	9,859	(2,369)	18,891

Notes to the Financial Statements
31 December 2021

10. Deferred tax assets/(liabilities) (continued)

The amounts shown in the Statement of Financial Position include the following:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax (liabilities)/assets to be (settled)/recovered:				
- after more than 12 months	(5,090)	9,859	(2,369)	18,891
	(5,090)	9,859	(2,369)	18,891

11. Inventories

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Sampars wholesale outlets and Select Grocers; grocery and household items	775,328	899,543	775,328	636,764
Goods in transit	484,143	-	450,998	-
Wholesale bulk commodity food items	1,127,157	1,076,391	295,841	1,114,088
Subsidiaries: flavours and fragrances and pallet inventories	293,948	210,626	-	-
	2,680,576	2,186,560	1,522,167	1,750,852

For year ended 31 December 2021, inventories valuing $7,224,000 (2020: $23,904,000) were written off to the statements of comprehensive income for the Group and $5,112,000 (2020: $1,604,000) for the Company.

Notes to the Financial Statements
31 December 2021

12. Due from/(to) related parties

		The Group		The Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Due from Marnock LLC	(a)	-	-	502,148	
Due from Marnock Retail LLC	(b)	-	-	246,343	-
Due from Woodcats International Limited	(c)	-	-	82,613	-
		-	-	831,104	-
Due to Caribbean Flavours and Fragrances Limited	(d)	-	-	(20,000)	-
Other	(e)	(191,823)	-	(191,823)	-
		(191,823)	-	(211,823)	-
		(191,823)	-	619,281	-

(a) - (d) These companies are related by common shareholders and directors. The balances are unsecured, interest free and has no fixed repayment terms.

(e) The balance is due to a related party, attracts interest at 3.5% per annum paid monthly and matures on 30 September 2023.

13. Receivables

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade	1,037,756	895,926	698,927	756,613
Less: Expected credit loss provision	(65,835)	(73,778)	(59,818)	(66,539)
	971,921	822,148	639,109	690,074
Other receivables	546,772	134,251	372,380	82,957
Deposit on business acquisition	67,000	918,411	67,000	918,411
	1,585,693	1,874,810	1,078,489	1,691,442

Deposit represents amount paid to acquire certain assets including the manufacturing facility, and all brandings of Spicy Hill Farms Limited. The transaction is expected to be completed by March 31, 2022. See Note 36.

Notes to the Financial Statements
31 December 2021

14. Cash and cash equivalents

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash at bank and in hand				
Cash at bank	537,368	370,321	492,811	359,975
Cash in hand	81,313	188,911	54,934	121,893
	618,681	559,232	547,745	481,868
Short term deposits				
Mayberry Investments Limited	-	385	-	385
Scotia Investment Funds	65,049	56,261	-	-
NCB Capital Markets Limited	60,666	55,448	1,868	1,853
Barita Investments Limited	374,705	-	374,705	-
JMMB Bank Jamaica Limited	28,451	25,648	-	-
Mayberry Structured: Corporate Paper	-	20,053	-	20,053
	528,871	157,795	376,573	22,291
	1,147,552	717,027	924,318	504,159

The weighted average effective interest rate on Jamaican dollar and US dollar short term deposits was 0.15% (2020 – 1.1%) and 0.10% (2020 – 0.098%) respectively. These represent call deposits which are repayable on demand.

Notes to the Financial Statements
31 December 2021

15. Share capital

		2021 No. of shares	2020 No. of shares
Authorised-			
Opening balance as at beginning of the year		2,733,360,670	2,733,360,670
Share issued during the period		1,800,000,000	-
Closing balance as at end of the year		4,533,360,670	2,733,360,670
		$'000	**$'000**
Issued and fully paid:			
Opening balance as at beginning of the year		140,044	140,044
Additional public offering issued during the period	(a)	3,723,805	-
Closing balance as at end of the year		3,863,849	140,044

(a) On December 14, 2020, the Board of Directors passed a resolution for the issue of shares through an additional public offer thereby approving the issue of up to 1,800,000,000 ordinary shares. The additional shares were listed on the Junior Market on the Jamaica Stock Exchange on February 23, 2021.

(b) The holders of the ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

Notes to the Financial Statements
31 December 2021

16. Capital reserves

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at the beginning and end of the year	94,638	94,638	94,638	94,638

17. Investment reserves

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Balance at the beginning and end of the year	614	614	614	614

18. Non-controlling interest

	The Group	
	2021	2020
	$'000	$'0000
Balance at beginning of the year	178,235	154,844
Share of profit for the year	48,241	31,255
Dividends paid by subsidiary	(15,727)	(7,864)
Other movement during the year	84	-
Balance at end of the year	210,833	178,235

Notes to the Financial Statements
31 December 2021

19. Long term loans

		The Group		The Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Mayberry Investments Limited	(a)	-	38,213	-	38,213
Mayberry Investments Limited	(b)	-	191,952	-	191,952
Bank of Nova Scotia Jamaica Limited	(c)	-	3,613	-	3,613
National Commercial Bank Jamaica Limited	(d)	-	1,289	-	1,289
First Global Bank Limited	(e)	-	1,062	-	1,062
First Global Bank Limited	(f)	-	255,250	-	255,250
9% Redeemable Preference Shares	(g)	-	350,000	-	350,000
JMMB Bank (Jamaica) Limited	(h)	109,125	120,000	109,125	120,000
JMMB Bank (Jamaica) Limited	(i)	181,937	214,390	181,937	214,390
Sagicor Bank Jamaica Limited	(j)	173,088	212,537	173,088	212,537
Sagicor Bank Jamaica Limited	(k)	77,437	89,599	77,437	89,599
Sagicor Bank Jamaica Limited	(l)	17,502	19,127	17,502	19,127
Sagicor Bank Jamaica Limited	(m)	291,092	318,896	291,092	318,896
Sagicor Bank Jamaica Limited	(n)	300,000	-	300,000	-
Cornerstone Financial Holdings Ltd.	(o)	38,306	-	38,306	-
JN Bank Limited	(p)	3,634	4,552	3,634	4,552
JN Bank Limited	(q)	2,910	3,515	2,910	3,515
JN Bank Limited	(r)	4,451	5,440	4,451	5,440
Barita Investments Limited	(s)	500,000	500,000	500,000	500,000
First Global Bank Limited	(t)	-	2,077	-	-
First Global Bank Limited	(u)	21,838	-		
Bank of America LLC	(v)	10,808	-	-	-
Capital One LLC	(w)	4,764	-	-	-
Bank of Nova Scotia Jamaica Limited	(x)	5,737	6,614	-	-
Bank of Nova Scotia Jamaica Limited	(y)	1,947	3,094	-	-
Bank of Nova Scotia Jamaica Limited	(z)	3,080	4,400	-	-
		1,747,656	2,345,620	1,699,482	2,329,435
Less: Current portion		(111,227)	(179,231)	(104,668)	(166,847)
		1,636,429	2,166,389	1,594,814	2,162,588

(a) This loan, which was received September 2019, was a Revolving Line of Credit, which was received in September 2019, attracted interest at 7.5% per annum and was repayable in March 2021. The loan was repaid during the year.

(b) This loan, which is denominated in Jamaican dollars, represented a margin facility which attracted interest at 12.5% per annum. The margin facility was secured against securities, credit balances, commodities or contracts and other property. The loan was repaid during the year.

19. Long term loans (continued)

(c) The original loan of $10M, which was received in October 2016, attracted interest at 8.49% per annum and was repayable over 72 equal monthly instalments. The loan was repaid during the year.

(d) This loan, which was received in July 2016, attracted interest at 9.4% per annum and was repayable over 72 equal monthly instalments. The loan repaid during the year.

(e) This loan, which is received in June 2016, attracted interest at 10% per annuum and was repayable over 60 equal monthly instalments. The loan repaid during the year.

(f) This term loan facility, was received in October 2019, attracted interest at 7.25% per annum and repayable over 108 equal monthly instalments. The loan was repaid during the year.

(g) The 9% Cumulative Redeemable Preference Shares were issued in January 2018. The note will be assessed by shareholders through Mayberry Investments Limited (Arranger). The issuer reserves the right to allot shares to Applicants in its sole and absolute discretion. The tenure was 36 months and the shares will be issued at a price of $2.00 per share at par. Interest was due quarterly and principal due on maturity. Interest rate shall be 9% per annum for the first 2 years and 90 days WATBY + 2.5% per annum for the third year. The preference shares were redeemed during the year.

(h) This term loan facility, which was obtained to provide working capital was received in September 2020 attracted interest at 8.25% per annum and is repayable over 84 equal monthly instalments.

(i) This term loan facility, which was obtained to provide working capital was received in May 2019 is unsecured, attracts interest at 7.75% per annum and is repayable over 84 equal monthly instalments.

(j) This term loan facility, which was obtained to provide refinance existing loan was received in July 2018, it attracts interest at 7.25% per annum and is repayable over 96 equal monthly instalments.

(k) This term loan facility, which was obtained to undertake the renovation of the Sampars Stores and Information Technology projects was received in October 2019, attracts interest at 7.25% per annum and is repayable over 96 equal monthly instalments.

(l) The original loan of $21M, which was received in June 2019 and used to finance the purchase of Woodcats International Limited, attracts interest at 7.25% per annum and is repayable over 120 equal monthly instalments.

(m) The original loan of $355M, which was received in April 2019 and used to refinance the bridge loan to purchase of Woodcats International Limited, attracts interest at 7.25% per annum and is repayable over 120 equal monthly instalments of $4,167,737.

Notes to the Financial Statements
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19. Long term loans (continued)

(n) This loan, which is denominated in Jamaican dollars, was received in December 2021, it attracts interest at 7.25% per annum and is repayable over 60 equal monthly instalments.

(o) This loan, which was received in October 2021, attracts interest at 6.99% per annum and is repayable over 48 equal monthly instalments. The loan is secured by promissory note, letter of undertaking and Lien in favour of Cornerstone Financial Holdings Limited.

(p) This loan, which was received in July 2018, attracted interest at 9.75% per annum and was repayable over 84 equal monthly instalments.

(q) This loan, which was received in July 2018, attracts interest at 9.75% per annum and is repayable over 84 equal monthly instalments.

(r) This loan, which was received in November 2018, attracts interest at 9.75% per annum and is repayable over 84 equal monthly instalments. The loan is secured by promissory note of $6.94M and letter of undertaking and Lien in favour of JN Bank Limited.

(s) This loan, which is fixed rate bond placement facility was received in October 2020 is unsecured, attracts interest at 8% per annum. Interest is paid quarterly and principal is due upon maturity on October 1, 2025.

(t) This loan, which was received in August 2016, attracted interest of 8.35% per annum, was repayable over 60 months in equal instalments. This loan was repaid during the year.

(u) This loan, which was received in September 2021, attracts interest of 7% per annum and is repayable over 60 months in equal monthly instalments of $445,527. This loan is secured by a lien on the motor vehicle.

(v) The original loan of US$72,000, was received in December 2021, attracts interest at 6.58% per annum and was repayable over 72 equal monthly instalments of US1,222.89. This loan is secured against a lien on a motor vehicle.

(w) The original loan of US$44,588.23, was received in November 2020, attracts interest at 5.71% per annum and was repayable over 72 equal monthly instalments of US732.87. This loan is secured against a lien on a motor vehicle.

(x) This loan which was received in April 2019, attracts interest at 7.49% per annum with maturity on 29 April 2026. This loan is secured against a lien on a motor vehicle.

Notes to the Financial Statements
31 December 2021

19. Long term Loans (continued)

(y) This loan, which is unsecured was received in April 2019, attracts interest rate of 9% with maturity on 29 April 2023.

(z) This loan which was received in April 2019, attracts interest rate of 7.5% with maturity on 29 April 2024. This loan is secured against a lien on a motor vehicle.

Loans (j)-(n) were substantially secured by the following: -

i) A Debenture from the Borrower in favour of the Agent for an on behalf of the Lenders incorporating:
ii) A fixed charge over all its property, plant and equipment; and
iii) A floating charge over all its other assets.
iv) Notwithstanding the following, the Debenture shall not be deemed to include the following real property within its remit:
   (a) Registered at Volume 1489 Folio 647 in the Registered Book of Titles; and
   (b) Registered at Volume 1489 Folio 648 in the Registered Book of Titles.
v) An assignment of insurance policy over stock-in-trade;
vi) An assignment of insurance policy relating business impact and consequential losses.
vii) First legal mortgage over commercial property located at 8-10 Brome Close, Ziadie Gardens, Kingston 20, Saint Andrew registered at Volume 1489 Folio 647 and 648 in the name of Derrimon Trading Company Limited stamped to cover $50M and $55M.
viii) First Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $777.5M and assignment of Insurance over Stock-In-Trade in the sum of $330M.
ix) Assignment of Business Impact/Consequential Loss Insurance in the sum of $480M.
x) Second Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $435M.
xi) Third Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $21M.
xii) Third Demand Debenture over the fixed and floating assets present and future of Derrimon Trading Company Limited stamped to cover $100M.

The company as beneficial owner, hereby charges to the bank with the payment and discharge in accordance with the foregoing covenant of the outstanding indebtedness, save and except for the shares and all existing and future assets of Caribbean Flavours and Fragrances Limited (CFF) and all future assets of Marnock LLC.

Loans (p) and (q) are substantially secured by the following: -

(i) Promissory note for the sum of $10.75M at 9.75% per annum
(ii) Letter of undertaking and Liens in favour of JN Bank Limited for a Shacman X9 Flatbed Truck Chassis # B000406 and 2018 Shacman L3000 Steel Body Truck Chassis # X003105.

Notes to the Financial Statements
31 December 2021

20. Payables

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Local payables and accruals	704,727	484,685	598,931	431,024
Foreign payables	666,180	219,607	183,444	209,872
Staff related payables	653	2,965	653	691
Statutory liabilities	22,352	10,852	8,800	8,316
	1,393,912	718,109	791,828	649,903

Notes to the Financial Statements
31 December 2021

21. Short-term loans

		The Group		The Company	
		2021	2020	2021	2020
		$'000	$'000	$'000	$'000
Sagicor Bank Jamaica Limited	(a)	200,000	200,000	200,000	200,000
Sagicor Bank Jamaica Limited	(b)	55,000	55,000	55,000	55,000
JMMB Bank (Jamaica) Limited	(c)	41,200	41,200	41,200	41,200
Barita Investments Limited	(d)	-	300,000	-	300,000
Barita Investments Limited	(f)	-	250,000	-	250,000
Sygnus Credit Investments Limited	(g)	-	184,813	-	184,813
National Commercial Bank Jamaica Limited	(h)	-	25,000	-	25,000
		296,200	1,056,013	296,200	1,056,013

(a) This loan, which is an unsecured term loan facility is denominated in Jamaican dollars and was received April 2021, it attracts interest at 8.75% per annum and is repayable within 12 months.

(b) This loan, which is denominated in Jamaican dollars, represents a Stand-by Letter of Credit, it expires upon the bank giving notice to the beneficiaries of the Instruments. The borrower is required to pay immediately in the event that the Bank is required to pay under the terms of the letters issued. Interest on loan is paid monthly and the principal is due upon maturity

(c) This loan is a Revolving Line of Credit, which was received in May 2021 and is unsecured, it attracts interest at 7.75% per annum and is repayable within 12 months.

(d) This loan, which was a short-term loan facility was received in November 2020 was unsecured and attracted interest at 8% per annum. The loan was repaid during the period.

Notes to the Financial Statements
31 December 2021

21. Short-term loans (continued)

(e) This loan, which was short term loan facility is denominated in Jamaican dollars, was received in October 2020, it was unsecured and attracted interest at 8% per annum. The loan was repaid during the period.

(f) This loan, which was a repurchase agreement was denominated in Jamaican dollars was received in October 2020. The Repurchase agreement will be purchased at a rate of 1.75% above the sales price. Each Repurchase agreement had a maximum of 3 months, with the option to roll each contract every three months for a period not exceeding 12 months. The loan was repaid during the period.

(g) This loan, which was a short term loan facility was denominated in Jamaican dollars was received in December 2020 and attracted interest at 11.5% per annum. The loan was repaid during the period.

22. Bank overdraft

Bank overdraft represents cheques drawn by the Group not yet presented to the bank.

Notes to the Financial Statements
31 December 2021

23. Revenue

Revenue represents the price of goods sold or services rendered to customers, and is stated net of discounts and allowances and General Consumption Tax.

24. Other operating income

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Advertising space	4,892	9,916	4,892	9,916
Rental from warehouse space	3,729	30	3,729	30
Interest income	-	31,043	-	29,833
Disposal of right-of-use assets	7,060	-	7,060	-
COVID-19 lease concession	-	32,851	-	30,204
Management fees	-	-	306,130	-
Other income: insurance proceeds, bad debts recovered and dividends	88,212	26,663	106,787	29,114
	103,893	100,503	428,598	99,097

Notes to the Financial Statements
31 December 2021

25. Expenses by nature

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Amortization of right-of-use assets	232,043	188,254	169,472	182,854
Audit fee	17,549	8,275	5,875	4,418
Bank charges	85,294	5,854	53,094	-
Bad debt	319	48,311	-	32,243
Depreciation	117,067	48,312	50,201	32,244
Directors' fees	1,780	1,630	990	830
Donations	-	1,174	-	-
Dues and subscriptions	4,520	3,138	13	-
Fines and penalties	2,658	16	54	-
Insurance	84,097	53,901	38,835	38,204
Rental	26,619	14,700	3,209	12,783
Property taxes	14,080	-	-	-
Motor vehicle expense	56,482	13,593	23,864	10,019
Management fees	22,315	-	-	-
Office expenses	55,576	40,881	28,748	39,088
Other	73,752	16,536	35,710	-
Professional fees	82,488	68,285	23,311	38,897
Repairs and maintenance	84,007	32,700	47,086	30,091
Structuring fees	26,265	28,490	26,265	28,490
Staff costs (Note 27)	1,042,908	696,581	563,126	596,570
Security	46,499	57,785	42,626	56,066
Travelling and entertainment	60,174	18,642	44,653	16,299
Utilities	191,236	126,115	151,993	119,432
	2,327,728	1,473,173	1,309,125	1,238,528
Selling and distribution	402,293	418,625	387,621	410,182
Finance costs, net (Note 28)	231,321	384,490	201,672	399,440
Cost of sales	14,335,509	10,294,801	9,298,936	9,483,271
	17,296,851	12,571,089	11,197,354	11,531,421

Notes to the Financial Statements
31 December 2021

26. Operating profit

In arriving at the operating profit, the following have been charged: -

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration	17,549	8,275	5,875	4,418
Amortization of right-of-use assets	232,043	188,254	169,472	182,854
Expected credit loss	-	37,799	-	35,690
Depreciation	117,067	48,312	50,201	32,244
Directors' emoluments:				
- Fee	1,780	1,630	990	830
- Management remuneration (included in staff costs)	93,315	96,198	53,000	52,342
Staff costs (Note 27)	1,042,908	696,581	563,126	596,570

27. Staff costs

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	820,688	502,369	396,552	423,582
Statutory contributions	80,831	47,894	45,712	42,372
Staff welfare	105,987	86,612	89,924	74,810
Contract services and other	35,402	59,706	30,938	55,806
	1,042,908	696,581	563,126	596,570

28. Finance costs, net

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Interest income	(16,322)	-	(10,693)	-
Interest expense	111,958	236,891	107,796	248,057
Foreign exchange losses; net	3,062	34,241	22,852	64,292
Lease interest expense	132,623	113,358	81,717	87,091
	231,321	384,490	201,672	399,440

Notes to the Financial Statements
31 December 2021

29. Taxation

(a) Taxation is computed on the profit for the year adjusted for taxation purposes and comprises:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Income tax at 25%	67,041	108,060	25,577	82,833
Income tax at 15%	4,386	2,193	4,386	2,193
Income tax at 21%	34,495	-	-	-
Remission of income tax at 50% (2020-50%)	(13,335)	(52,080)	-	(41,417)
Deferred tax assets (Note 10)	14,949	(14,073)	21,260	(18,886)
	107,536	44,100	51,223	24,723

(b) The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the appropriate income tax rate:

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit before taxation	555,719	355,189	265,541	250,367
Tax calculated at the appropriate rate	136,321	87,281	66,385	61,129
Adjusted for the effects of: -				
Depreciation and capital adjustments	-	(84)	-	-
Expenses not allowed for tax purposes	2,755	600	921	600
Employers Tax Credit	(17,302)	(223)	(10,961)	-
Other charges and allowances	(5,008)	3,363	(5,122)	-
Adjustment for prior year temporary differences	4,105	5,243	-	4,411
Adjustment for the effect of remission of tax	(13,335)	(52,080)	-	(41,417)
	107,536	44,100	51,223	24,723

Notes to the Financial Statements
31 December 2021

29. Taxation (continued)

(c) Remission of Income Tax

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

However, in February 2021, the company issued an Additional Public Offer (APO) whereby 301,301,069 New Ordinary Shares were issued to the public. As a result, the company does not qualify to claim the 50% remission of Income Tax given that the subscribed participating voting share capital increased above $500 million.

The financial statements of Derrimon Trading Company Limited have been prepared on the basis that the company will not have the full benefit of the tax remissions.

Notes to the Financial Statements
31 December 2021

30. Segment financial information

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

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

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

(ii) Wholesale and retail - operation of eight (8) outlets, six (6) trading under the name Sampars Cash and Carry and Sampars Outlets, one (1) under the name Select Grocers and one (1) under the name Food Savers NY.

The distribution hub, along with four (4) outlets is located in Kingston and Saint Andrew, three (3) locations are in rural Jamaica and one (1) located in Brooklyn, New York.

(iii) Other operations – manufacturers of flavours and fragrances, wooden pallets and by products of wood.

	2021				
	Distribution	**Wholesale and Retail**	**Other Operations**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	6,179,568	10,204,303	1,360,846	-	17,744,717
Operating profit	213,020	463,100	131,947	(21,027)	787,040
Assets	7,675,430	4,189,281	1,221,391	(1,576,887)	11,509,215
Liabilities	3,421,038	2,831,714	508,888	(1,014,592)	5,747,048
Capital expenditure	124,481	998,351	70,423	-	1,193,255
Depreciation	32,217	58,752	26,098	-	117,067
Finance costs/(income), net	107,889	139,193	(9,817)	(5,944)	231,321

	2020				
	Distribution	**Wholesale and Retail**	**Other Operations**	**Eliminations**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Revenue from external customers	6,255,513	5,395,148	1,126,803	-	12,777,464
Operating profit	276,303	373,504	104,488	(14,616)	739,679
Assets	4,855,665	2,044,023	1,081,373	(565,247)	7,415,814
Liabilities	4,467,010	1,056,556	315,543	(27,232)	5,811,877
Capital expenditure	67,076	6,518	29,027	-	102,621
Depreciation	13,084	18,764	16,464	-	48,312
Finance costs/(income), net	221,738	177,702	(14,950)	-	384,490

Notes to the Financial Statements
31 December 2021

31. Earnings per share

Profit per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $400,012,000 (2020: $279,834,000) by the weighted average number of ordinary stock units in issue during the year, numbering 4,271,990,807 (2020: 2,733,360,670).

	The Group		The Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Net profit attributable to Stockholders of the company	399,942	279,834	214,318	225,644
Weighted average number of ordinary stocks units ('000)	4,271,991	2,733,361	4,271,991	2,733,361
Earnings per share	0.094	0.102	0.050	0.083

32. Contingent liabilities and commitments

I. In the normal course of business, the Group is subject to various claims, disputes and legal proceedings, which occur as part of the normal course of business. Provision is made for such matters when, in the opinion of management and its legal advisors, it is probable that a payment will be made by the Group and the amount can be reasonably estimated. In respect of claims asserted against the Group, which, according to the principles outlined above, have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group which is immaterial to both the financial position and financial performance.

The Group's and Company's attorneys that routinely act on behalf of the Group, by letter dated February 25, 2022, reported with regards to the Company's year ended 31 December 2021, as follows:

- They were not aware of any outstanding judgment, settlement or claim.
- They were not aware of any guarantees of indebtedness to others made by the Group, not publicly disclosed.
- They hold no trust monies on behalf of the Group.
- They are aware of one pending litigation against the company for a personal injury claim by an independent contractor.

II. Management reported that as at 31 December 2021, the Group had capital commitments of $600,000,000 (2020 - $569,000,000).

III. As at 31 December 2021, as far as the Board of Directors of the Group are aware, there were no significant legal claims threatened against the Group.

Notes to the Financial Statements
31 December 2021

33. Dividends

	2021	2020
	$'000	$'000
Declared and paid at $NIL (2020: $0.012) cent per share	-	32,800
Total dividends to shareholders	-	32,800

34. Coronavirus (Covid-19)

The Novel Coronavirus (Covid-19) outbreak was declared a global pandemic in March 2020 by the World Health Organization. The pandemic and the measures introduced to control its human impact resulted in the disruptions of international and local economic activity, commerce, business operations and assets prices.

The Government implemented several measures aimed at reducing the spread of the virus, including nightly curfews, home quarantine for citizens of a specific age and restrictions on the number of persons in public gathering at any one time. These restrictions have had adverse economic effects on the financial operations of many stakeholders.

The Covid-19 pandemic continued to affect the Group's operations during the 2021 financial year. Although we are in the second year of the pandemic, we are still learning how to navigate its effects as new variants and modified scientific information created the need for us to constantly adjust our operations.

Global supply chain remained affected by the pandemic. This had an adverse impact on our business as customer fulfilment of orders did not always materialize. Therefore, the business did not realize the full potential of its revenue stream as opportunities to serve the market were adversely affected. In an effort to mitigate this erratic supply, we ordered additional buffer stock in anticipation of future supply interruption. This assisted in some cases however, we still experienced sporadic periods of stock shortages.

The precarious supply chain issue also gave rise to inflationary pressures. Not only did it increase the cost of goods to us but also the prices at which we sold our customers. While our company absorbed as much of the higher prices as possible, a portion had to be borne by our customers and end consumers. This affected the rate of sale for some products as consumers' disposable income would have reduced as also was the case in the average consumer basket spent.

Economic activities in the country were affected by the various curfew measures that were implemented during the year. This rippled through the entire supply chain of our local market. Wholesales and Supermarkets typically closed 1 to 2 hours before curfew time which meant loss of business from that time onwards. Being a major supplier to these channels as well as given that we operate in that space, our sales were negatively impacted.

Notes to the Financial Statements
31 December 2021

34. Coronavirus (Covid-19) (continued)

Providing a safe workplace for our employees and stakeholders continued to be paramount during the year. Our sanitization and other operating costs increased given the need for more frequent cleaning and sanitation. We allocated the necessary portions of our office expense budget to maintain frequent sanitization, temperature checks and personal protective equipment where applicable. The business also ensured that staff members had the ability to work from home where appropriate, by granting remote access to our information system.

The advances in the development of vaccines and the promotional drive being undertaken by countries continue to be a positive step towards ensuring that the population is responding to the vaccines and vaccination programs. Though restrictions are being carefully and slowly lifted, it may take some time before business returns to normalcy. Management's conclusion that the operation of the business is a going concern remains appropriate.

35. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

(a) Enterprises over which a substantial interest in the voting power is owned by a key management personnel, including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the Group.

The following was (credited)/debited to the statement of comprehensive income:

	The Group		The Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Dividend income	-	-	(29,233)	(14,616)
Directors' fees	1,780	1,630	990	830
Management remuneration	93,315	96,198	53,000	52,342

Notes to the Financial Statements

31 December 2021

36. Subsequent event

On November 25, 2021, Derrimon Trading Company Limited entered into an Asset Purchase Agreement with Spicy Hills Farms Limited for the purchase of all the existing and developing brands of Spicy Hills Farms, assets, and manufacturing facility.

The Trelawny-based Spicy Hill Farms, an award-winning manufacturer of the authentic Jamaican Ram Goat Soup 'Mannish Water', was incorporated in 2006 by its founder, the late Brascoe Lee.

The Spicy Hill line of products are currently available in more than 200 retail outlets in Jamaica and in major markets in the United States, Canada, the United Kingdom and the Caribbean.

The manufacturing plant was relocated from Trelawny to a new facility at 235 Marcus Garvey Drive, Kingston 11. The completion of the purchase will be consummated by the commissioning and full operation of the new manufacturing plant which is relocated to Marcus Garvey Drive. This process is expected to be completed March 31, 2022.

Notes

Notes

Form of Proxy

I/WE [1].. of ....

being a shareholder(s) of DERRIMON TRADING COMPANY LIMITED HEREBY APPOINT:

.... of ....

or failing him/her... of ....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 28th day of September 2022, at 10:00 am at the Terra Nova All-Suite Hotel, and at any adjournment thereof, to vote for me/us and in my/our name for the said resolutions (either with or without modification, as my/our proxy may approve), or against the said resolutions as hereby indicated.

I desire this form to be used as follows[2] (unless directed by the proxy who will vote as he sees fit):

Ordinary Business	For	Against
RESOLUTION 1: To receive the audited accounts for the year ended 31 December 2021.		
RESOLUTION 2(a): To re-appoint Monique Cotterell to the Board of Directors.		
RESOLUTION 2(b): To re-appoint Ian Kelly to the Board of Directors.		
RESOLUTION 2(c): To re-appoint Winston Thomas to the Board of Directors.		
RESOLUTION 2(d): To re-appoint Paul Buchanan to the Board of Directors.		
RESOLUTION 3: To fix the remuneration of the Directors.		
RESOLUTION 4: To re-appoint the Auditors and to fix their remuneration.		

Signed: ______________________________ Signed[3]: ______________________________

Dated this _____ day of _________________________ , 2022

1 Full name and address to be inserted in Block Capitals.
2 Please indicate with an X in the spaces how you wish your vote to be cast.
3 To be used if under common seal by a corporation.

Notes

(1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. Such proxy need not be a member of the Company.

(2) If the appointer is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

(3) Any alteration made in this Form of Proxy should be initialed by the person who signs it.

(4) A member must lodge his Form of Proxy with the Secretary at 235 Marcus Garvey Drive, Kingston 11, Jamaica not less than 48 hours before the Meeting, but if not so lodged, it may be handed to the Chairman of the Meeting.

(5) In the case of joint holders, the vote of the senior joint holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders(s), and for this purpose seniority will be determined by the order in which the names appear in the books of the Company.

(6) If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

(7) The person to whom this Proxy is given need not be a holder of shares in the Company but must attend the Meeting in person to represent you.

235 Marcus Garvey Drive
Kingston 11,
Jamaica, W.I.

876 901 3344

www.derrimon.com