DERRIMON
TRADING CO. LTD.

FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Consolidated Profit before tax $315.50M

Consolidated Statements of Derrimon Trading Company Limited

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

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

Financial Highlights

Consolidated Group

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

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

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

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

The realignment of our debt portfolio from short term to long term amortized facilities, the switching from US Dollar loans to Jamaican Dollar facilities and the re-negotiation of interest rates continued to positively impact the finance cost of the Group. This has resulted in a $13.34 million or 8.37% reduction for the financial year to date when compared to the similar period in 2019.

The consolidated profit before tax earned for the nine months was $315.50 million, an increase of $61.22 million (24.08%) over the $254.28 million reported for the similar period in 2019. The Group net profit was $280.66 million, an increase of $59.54 million (26.93%) above the $221.12 million reported for the similar period in 2019.

The consolidated total assets less current liabilities was $3.89 billion compared to the $3.08 billion reported for similar period in 2019, an increase of 26.25%

The Company

Despite the negative impact of the Covid-19 pandemic, the nine (9) months results of the distribution and retail arms of the business recorded revenue of $8.74 billion which was $53.63 million (0.62%) more than the $8.69 billion reported for the corresponding period last year. For the third quarter ended September 2020, revenue generated from core activity was $3.029 billion representing a growth of $72.641 million (2.46%) over the $2.96 billion reported for the similar reporting period in 2019.This growth was influenced and stabilized by the retail arm of the business. The impact from the closure of schools, entertainment sector and commerce in general has negatively impacted the sales of the beverage portfolio. However, we continue to see growth in the bulk goods, cold storage and other dry categories and we are encouraged by this quarter's performance.

Gross profit from these divisions for the nine (9) months period was $1.59 billion which represents a $179.05 million (12.74%) increase above the $1.41 billion reported for the similar period in 2019. Gross profit for the third quarter was $558.61 million which was $73.68 million (15.19%) more than the $484.92 million reported in the similar period in 2019.

The increase in Gross Profit is as result of a combination of strategies employed within the distribution and retail segments of the business from procurement to sales.

Operating Expenses for the nine (9) months period was $1.28 billion representing $163.40 million (14.41%) above the $1.13 billion reported for the comparative period last year. For the third quarter ending September 30, 2020, operating expenses was $457.61 million which was $64.58 million (16.43%) above the expenses incurred for the similar period in 2019. The major factors for this increase were utilities, rental of properties, sanitization and cleaning expenses, distribution costs inclusive of trucking, marketing, advertising, and staff cost.

Finance charges for the nine (9) months period was $144.56 million a reduction of $12.57 million (8%) from the $157.13 million reported at September 30, 2019. For the three (3) months ending September 30 2020, the finance cost was $48.19 million which was $10.82 million (18.31%) below that reported for the similar quarter in 2019.

Pre-tax Profit recorded for the nine (9) months period was $191.67 million representing a $64.99 million (51.31%) increase over the $126.68 million reported for the corresponding period in 2019. For the three (3) months ended September 30, 2020, pre-tax profit was $72.61 million or $35.76 million (97.07%) greater when compared to the $36.86 million reported for the corresponding period.

Net profit for the nine (9) months period was $167.72 million which was $64.99 million (51.31%) higher when compared to the same period last year.

For the third quarter ending September 30, 2020, core operations generated net profit of $63.53 million which is $31.29 million (97.07%) greater than the $32.24 million reported for the similar period for 2019.

Total Assets less Current Liabilities was at $3.62 billion, a growth of $904.26 million (33.36%) when compared to the $2.71 billion reported for the similar period last year.

On the whole, the results for the nine (9) months of 2020 are encouraging for our business despite the global pandemic which has resulted in an economic slowdown which has negatively impacted some aspects of our business. We will continue to execute our strategy and adopt all the safety measures being initiated by our internal team as well as our government whilst monitoring and managing each element of risk despite the many challenges, we remain confident that we have the right talent and leadership to deliver on our plans for the ensuing periods.

We thank our employees for their commitment and dedication. We also thank our shareholders, customers and other stakeholders for their support as we continue to expand our business and bring greater value to all parties.

Derrick Cotterell
Chairman/Chief Executive Officer

Consolidated Profit before tax $315.50M

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Group Statement of Profit and Loss & Comprehensive Income
Nine Months Ended September 30, 2020

	Notes	Group Unaudited Consolidated Three months ended September 30 2020 $'000	Group Unaudited Consolidated Three months ended September 30 2019 $'000	Group Unaudited Consolidated Nine months ended September 30 2020 $'000	Group Unaudited Consolidated Nine months ended September 30 2019 $'000	Group Audited year ended December 31 2019 $'000
Revenue						
Trading Income	2f	3,315,390	3,243,919	9,618,342	9,530,761	12,649,017
Less cost of sales		2,674,446	2,679,201	7,777,834	7,871,854	10,370,183
Gross Profit		640,944	564,718	1,840,508	1,658,907	2,278,834
Other Income		21,516	8,337	62,974	20,489	37,767
		662,460	573,055	1,903,482	1,679,396	2,316,601
Less operating expenses:						
Administrative		389,371	351,835	1,137,881	983,004	1,279,414
Selling & distribution		116,227	89,702	304,066	282,740	408,265
		505,598	441,537	1,441,947	1,265,744	1,687,679
Operating profits/ (loss) before finance charges		156,862	131,518	461,535	413,652	628,922
Less : finance cost		(54,912)	(63,690)	(146,035)	(159,375)	(283,196)
Profit before taxation		101,950	67,828	315,500	254,277	345,726
Taxation (Estimated)	6	11,251	8,843	34,838	33,155	(43,018)
Net Profit		90,699	58,985	280,662	221,122	302,708
Net Profit Attributable to:		-	-	-	-	
Shareholders of the company		85,105	54,787	258,603	203,548	290,744
Non-controlling interest		5,594	4,198	22,058	17,574	11,964
Total comprehensive income		90,699	58,985	280,662	221,122	302,708
* Earnings per stock unit	2p	0.031	0.020	0.095	0.074	0.106

*** Restated due to stock split of 10:1**

Derrimon Trading Company Limited
Company Statement of Profit and Loss & Comprehensive Income
Nine Months Ended September 30, 2020

	Notes	Company Unaudited Derrimon Three months ended September 30 2020 $'000	Company Unaudited Derrimon Three months ended September 30 2019 $'000	Company Unaudited Derrimon Nine months ended September 30 2020 $'000	Company Unaudited Derrimon Nine months ended September 30 2019 $'000	Company Audited year ended December 31 2019 $'000
Revenue						
Trading Income	2f	3,029,564	2,956,923	8,741,391	8,687,759	11,637,878
Less cost of sales		2,470,951	2,471,994	7,157,324	7,282,743	9,608,914
Gross Profit		558,613	484,929	1,584,067	1,405,016	2,028,964
Other Income		19,798	3,943	49,287	12,517	26,864
		578,411	488,872	1,633,354	1,417,533	2,055,828
Less operating expenses:						
Administrative		341,461	302,425	995,241	852,291	1,098,451
Selling & distribution		116,153	90,612	301,875	281,428	404,861
		457,614	393,037	1,297,116	1,133,719	1,503,312
Operating profits/ (loss) before finance charges		120,797	95,835	336,238	283,814	552,516
Less : finance cost		(48,188)	(58,990)	(144,564)	(157,134)	(297,576)
Profit before taxation		72,609	36,845	191,674	126,680	254,940
Taxation (Estimated)	6	9,076	4,606	23,959	15,835	27,538
Net Profit		63,533	32,239	167,715	110,845	227,402
Total comprehensive income		63,533	32,239	167,715	110,845	227,402
* Earnings per stock unit	2p	0.023	0.012	0.061	0.041	0.083

Derrimon Trading Company Limited
Statement of Financial Position
Nine Months ended September 30, 2020

	Notes	Company Unaudited Derrimon Nine Months September 30 2020 $'000	Company Unaudited Derrimon Nine Months September 30 2019 $'000	Group Unaudited Consolidated Nine months ended September 30 2020 $'000	Group Unaudited Consolidated Nine months ended September 30 2019 $'000	Company Audited year ended December 31 2019 $'000	Group Audited year ended December 31 2019 $'000
ASSETS							
Non-current assets:							
Fixed Assets	**2g**	416,353	376,779	517,897	476,451	385,375	483,476
Right of use assets	**2h**	932,008	-	961,947	-	945,179	1,039,077
Goodwill	**2i**	33,220	33,220	182,120	163,940	33,220	182,120
Deferred tax asset				-		5	0
Intangible	**2i**	-	-	256,523	233,478	-	256,523
Investment in Subsidiary	**5**	942,541	948,426	-	160,278	942,541	-
Current assets:							
Receivables and prepayments		1,232,055	1,180,939	1,456,388	1,437,102	845,234	1,033,069
Inventories		1,563,213	1,096,573	1,785,685	1,321,938	1,750,852	1,992,174
Investment		31,863	30,610	301,125	243,153	31,330	280,599
Cash & bank		201,156	436,743	254,725	483,463	491,546	509,627
Tax recoverable			-	3,156	-	1,347	6,019
		3,028,287	2,744,865	3,801,079	3,485,656	3,120,309	3,821,488
Current Liabilities:							
Payables		830,047	750,953	911,262	803,413	902,850	976,846
Short term loans		343,802	127,966	343,802	127,966	535,000	536,316
Current portion of long term loan		543,379	508,000	546,198	508,000	119,629	122,448
Current portion of lease Liability		20,292	-	23,673		66,302	70,601
Taxation payable		-	5,742	5,742		-	7,472
		1,737,520	1,392,661	1,830,677	1,439,379	1,623,781	1,713,683
Net current assets		1,290,767	1,352,204	1,970,402	2,046,277	1,496,528	2,107,805
Total assets less current liabilities		3,614,889	2,710,629	3,888,889	3,080,424	3,802,848	4,069,001
Equity							
Issued capital		140,044	140,044	140,044	140,044	140,044	140,044
Non-controlling interest		-	-	177,242	180,171	-	163,382
Retained earnings		1,115,697	858,759	1,181,384	1,023,891	947,982	934,834
Investment revaluation reserve		614	614	614	614	614	614
Capital Reserve		94,638	94,638	94,638	94,638	94,638	94,638
		1,350,993	1,094,055	1,593,922	1,439,358	1,183,278	1,333,512
Non Current Liability:							
Borrowings		1,442,272	1,616,574	1,457,088	1,641,066	1,711,454	1,731,003
Lease liability		821,624	-	837,879		908,116	1,000,272
Deferred tax liability		-	-	-	-	-	4,214
		2,263,896	1,616,574	2,294,967	1,641,066	2,619,570	2,735,489
Total equity and non-current liabilities		3,614,889	2,710,629	3,888,889	3,080,424	3,802,848	4,069,001

Approved for issue by the Board of Directors on November 11, 2020 by:

Derrick Cotterell
Chairman

Ian Kelly
Director

Derrimon Trading Limited
Group Statement of change in Shareholders' Equity
September Months Ended September 30, 2020

	Attributable to the Company's Shareholders					
	Share Capital	**Retained Earnings**	**Investment Revaluation Reserve**	**Capital Reserves**	**Non-controlling interest**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2018	140,044	820,343	614	94,638	162,597	1,218,236
Total comprehensive income	-	203,548	-	-	17,575	221,122
Non-controlling interest					-	-
Balance at September 30, 2019	140,044	1,023,891	614	94,638	180,171	1,439,358

	Share Capital	**Retained Earnings**	**Investment Revaluation Reserve**	**Capital Reserves**	**Non-controlling interest**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2019	140,044	934,834	614	94,638	163,382	1,333,512
Total comprehensive income	-	258,603	-	-	22,058	280,662
Non-controlling interest		(12,053)			(8,198)	(20,251)
Balance at September 30, 2020	140,044	1,181,384	614	94,638	177,242	1,593,922

Derrimon Trading Limited
Company Statement of change in Shareholders' Equity
Nine Months Ended September 30, 2020

	Share Capital	**Retained Earnings**	**Investment Revaluation Reserve**	**Capital Reserves**	**Total**
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2018	140,044	747,914	614	94,638	983,210
Total comprehensive income	-	110,845	-		110,845
Non-controlling interest					-
Dividends		-	-		-
Balance at September 30, 2019	140,044	858,759	614	94,638	1,094,055

	Share Capital	**Retained Earnings**	**Investment Revaluation Reserve**	**Capital Reserves**	**Total**
	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2019	140,044	947,982	614	94,638	1,183,278
Total comprehensive income	-	167,715	-	-	167,715
Non-controlling interest					-
Ordinary dividends		-			-
Balance at September 30, 2020	140,044	1,115,697	614	94,638	1,350,993

Derrimon Trading Limited
Group Statement of Cash flows
Nine Months Ended September 30,2020

	Note	9 Months ended September 30,2020 $'000	9 Months ended September 30, 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before taxation		315,500	254,277
Taxation paid		(37,919)	(21,711)
Changes in non-cash working capital components:-			
Depreciation		26,037	30,699
Depreciation-right of use		77,130	-
Deferred tax		-	(3,080)
Inventory		206,489	(41,151)
Tax recoverable		-	-
Receivables		(423,319)	(270,156)
Taxation payable		-	-
Payables		(65,584)	(346,131)
Net funds provided by/(used in) operating activities		98,334	(397,253)
Cash flows from Investment activities:			
Investment		(20,526)	(73,021)
Investments in Subsidiary		-	20,133
Acquisition of property, plant and equipment		(60,458)	(49,499)
Net cash used in investment activities		(80,984)	(102,387)
Financing activities:			
Loans received during the period		216,790	1,202,802
Lease liability		(209,321)	-
Repayment of loans		(279,721)	(608,450)
Deferred tax liability		-	-
Net cash used financing activities		(272,252)	594,352
Net (decrease)/ increase in cash balances		(254,902)	94,712
Net cash balance at beginning of period		509,627	388,751
Net cash balance at end of period		254,725	483,463
Represented by:			
Cash & cash equivalents		254,725	483,463
Bank overdraft		-	-
Net cash and cash equivalents at end of period		254,725	483,463

Derrimon Trading Limited
Company Statement of Cash flows
Nine Months Ended September 30,2020

	Note	9 Months ended September 30,2020 $'000	9 Months ended September 30,2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before taxation		191,674	126,680
Taxation paid		(22,607)	(10,093)
Changes in non-cash working capital components:-			
Depreciation		20,573	30,075
Depreciation-right of use		13,171	-
Deferred tax		-	
Inventory		187,639	14,716
Tax recoverable			
Receivables		(386,821)	(226,959)
Taxation payable		-	-
Payables		(72,803)	(339,592)
Net funds provided by/(used in) operating activities		(69,174)	(405,173)
CASH FLOWS FROM INVESTING ACTIVITY:			
Investments		(533)	(21,227)
Acquisition of property, plant and equipment		(51,551)	(26,655)
Net cash used in investment activities	-	(52,084)	(47,882)
Financing activities:			
Loans received during the period		225,090	1,199,709
Lease liability		(132,502)	-
Repayment of loans		(261,720)	(608,450)
Deferred tax liability			-
Net cash provided by financing activities		(169,132)	591,259
Net (decrease)/ increase in cash balances		(290,390)	138,204
Net cash balance at beginning of period		491,546	298,539
Net cash balance at end of period		201,156	436,743
Represented by:			
Cash & cash equivalents		201,156	436,743
Bank overdraft		-	-
Net cash and cash equivalents at end of period		201,156	436,743

IDENTIFICATION AND PRINCIPAL ACTIVITIES

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

The principal activities of the Company include the wholesale and bulk distribution of household and food items inclusive of meat products, chilled and ambient beverages and the retailing of those and other food items and meat products through the operation of a chain of outlets and supermarkets. The Company's two (2) subsidiaries are involved in manufacturing of flavours and fragrances and wooden pallets. Derrimon Trading Company Limited together with its subsidiaries is referred to as the "Group".

The Company maintained the entity's trading name, Sampars Cash & Carry as well as its operating Outlets: Sampars Outlet Washington Boulevard at 8-10 Brome Close, Kingston 20; Sampars Outlet West Street at 60 ½ West Street, Kingston; Sampars Outlet Mandeville at 26 Hargreaves Avenue Mandeville; Sampars Old Harbour at 3 Ascott Drive, Old Harbour, St. Catherine, Sampars St. Ann's Bay at 3 Harbour Street, St. Ann's Bay, St. Ann, and Sampars Cross Roads, 1-3 Retirement Road, Kingston 5 and Select Grocers at Shop # 15, Upper Manor Park Plaza, Constant Spring Road, Kingston 8.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation

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

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

Revenues and expenses

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

Judgments and Estimates

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

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

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

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

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

Operating segments information

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

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

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

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

Leases
Estimation – The initial measurement of the Lease Liability is based on an estimate of the present value of the lease payments outstanding, discounted using the Company's incremental borrowing rate. Also, the cost of the right-of-use asset comprises an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Consolidation

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

Joint arrangement

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties and related party transactions

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

Receivables

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

Income and other taxes

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

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

Contingencies

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

- A possible obligation that arises from a past event and which existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Annual Improvements 2015-2017
In December 2017, the IASB issued amendments to four standards, including IFRS 3 – Business Combinations, IFRS 11 Joint Arrangements, IAS 12 – Income Taxes and IAS 23 – Borrowing Costs.

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

Effects of Changes in Accounting Policies

The Company and Group adopted IFRS 16: Leases, effective January 1, 2019. This resulted in material changes to the financial statements as at September 30, 2020.

The change in accounting policy was made in accordance with the transitional provisions of IFRS 16. These provisions required the Company and Group to recognize right-of-use assets and Lease Liability in the statement of financial position and depreciation expense on right-of-use in the statement of profit or loss and other comprehensive income.

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

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

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

The following new standards, amendments, and interpretations have been issued and may impact the financial statements but are not effective for the reporting period ended September 30, 2020 and accordingly, have not been applied in preparing these financial statements. These included:

Amendments to IAS 28, 'Investments in associates and joint ventures', effective for annual periods beginning on or after 1 January 2019. These amendments clarify the accounting policy choice available for electing to measure the investments at fair value through profit or loss in accordance Management is currently assessing the likely future impact of this amendment on its financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation

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

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

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

Entity	**Principal Activity**	**% Ownership by Company at 30 September 2020**	**% Ownership by Company at 30 September 2019**
CFFL	Manufacture of Flavours and Fragrances	62.02%	62.02%
Select Grocers	Operation of Supermarket	60.00%	60.00%
Woodcats International Limited	Manufacturers of wooden pallets	100%	100%

DCTL, as at September 30, 2020, owns 62.02% of the shares of CFFL, the same percentage as the prior year.

(b) Joint operation

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combination

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

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

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

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

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

Non-controlling interests

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

(d) Segment reporting

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

The Company has identified the following segments:

1. Distribution (Household products, chilled and ambient beverages, detergents and bulk foods);
2. Wholesale (Trading outlets and supermarkets); and
3. Other Operations (Manufacturer of Flavours and Fragrances, pallets and by products of wood)

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets

The carrying amounts of property, plant and equipment, right-of-use assets, investment property, and intangible assets with finite useful lives are reviewed at the end of each reporting period to determine whether there are any indicators of impairment. Indicators of impairment may include a significant decline in asset market value, material adverse changes in the external operating environment which affect how the asset is used or is expected to be used, obsolescence, or physical damage of the asset.

If any such indicators exist, then the recoverable amount of the asset is estimated. Goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortized but are tested for impairment at least annually or whenever there is an indicator that the asset may be impaired.

(f) Revenue recognition

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

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

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

i. Sales

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

ii. Interest income

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

iii. Dividend income

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

iv. **Other operating income**

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

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

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

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

Current annual rates of depreciation are:

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

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

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

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

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

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

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

Lessee

At January 1, 2019, the Company recognized a right-of-use asset and a lease liability.
Initial measurement of the right-of-use asset is at cost, cost being the present value of the lease payments that are not paid at that date, discounted using the Company's incremental borrowing rate; plus an estimate of costs to be incurred on retiring the asset, i.e., asset retirement obligations required by the terms and conditions of the lease. The cost is remeasured if the terms of the lease changes.

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

(a) short-term leases, less than 12-months; and
(b) leases for which the underlying asset is of low value, i.e., printers, laptop computers, small furniture and selected properties.
These will be charged as lease expense in the statement of profit or loss

(I) Intangible assets

Goodwill

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

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

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

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

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

Research and development expenditure

Expenditures on research activities are expensed as incurred.

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

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

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

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

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

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

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

(j) Financial instruments

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

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

Classification and Subsequent Measurement

Financial assets

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

Credit risk and expected credit loss

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

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

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

(k) Inventories

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

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

(l) Trade and other receivables

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

(m) Taxation

Income tax

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

Current taxation

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

Deferred taxation

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

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

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

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

(i) CFFL, is also listed on the Junior Market of the JSE and effective October 3,018, its 100% tax free status expired, and it is now subject to income tax at 50% on its taxable profits for the next five (5) years to October 2, 2023; and

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Borrowing; borrowing cost and interest

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of these assets. Capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(o) Share capital, dividends and distributions

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

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

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

(p) Earnings per share

Basic earnings per share ("EPS") are calculated by dividing the net income attributable to the shareholders by the weighted average number of ordinary shares outstanding during the reporting period. The Calculation of earnings per ordinary share is based on the Group and Company net profit attributable to shareholders divided by the weighted average number of ordinary shares of 2,733,360,670 (2019 – 2,733,360,670).

3. SEGMENTAL FINANCIAL INFORMATION

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

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

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

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

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

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

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

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

SEGMENTAL FINANCIAL INFORMATION (CONTINUED)

Segmental Financial Information

		The Group 2020		
	Distribution $'000	Sampars Outlets $'000	Other Operations $'000	Total $'000
Revenue from external customers	5,275,097	3,466,293	876,952	9,618,342
				-
Depreciation	10,583	9,990	5,464	26,037
				-
Current Liabilities	1,317,982	419,538	93,157	1,830,677
				-
Current Assets	2,192,179	836,108	772,792	3,801,079

		The Company 2020	
	Distribution $'000	Sampars Outlets & Select Grocers $'000	Total $'000
Revenue from exteernal customers	5,275,097	3,466,293	8,741,390
			-
Depreciation	10,583	9,990	20,573
			-
Current Liabilities	1,317,982	419,538	1,737,520
			-
Current Assets	2,192,179	836,108	3,028,287

4. JOINT OPERATIONS

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

5. INVESTMENT IN SUBSIDIARIES

As at September 30, 2020 the Company has holdings of 62.02% and 100% of the issued shares of Caribbean Flavours and Fragrances Limited (CFFL) and Woodcats International Limited (WIL) respectively.

6. INCOME TAX

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

To obtain the remission of income taxes, the following conditions should be adhered to over the period:
(a) DTCL remains listed for at least 15 years and is not suspended from the JSE for any breaches of the rules of the JSE;
(b) The Subscribed Participating Voting Share Capital of DTCL does not exceed $500 million; and
(c) DTCL has at least 50 Participating Voting Shareholders.

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

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

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

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

7. LEASE LIABILITY

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

Principal amounts payable:

Current portion	$52,951
Long-term	$982,622
	$1,035,573

Principal repayments for each of the next five years:

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

DERRIMON TRADING

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT

SEPTEMBER 30, 2020

Top (10) Stockholders	Number of Shares Held
Derrick Cotterell	1,113,797,633
Mayberry Jamaican Equities Limited	439,859,497
Monique Cotterell	400,000,000
Ian C. Kelly	157,373,169
Estate of E. Cotterell (Deceased)	100,000,000
Winston Thomas	72,351,180
JCSD Trustee Services A/C Barita Unit Trust Capital Growth Fund	59,850,923
Sharon Harvey-Wilson	29,163,580
Sagicor Pooled Equity Fund	27,756,920
Sagicor Select Fund – (‘Class C’ Shares) Manufacturing & Distribution	22,600,000

DERRIMON TRADING

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT

SEPTEMBER 30, 2020 (continued)

Directors	Number of Shares Held
Derrick Cotterell	1,113,797,633
Monique Cotterell	400,000,000
Ian C. Kelly	157,373,169
Winston Thomas	72,351,180
Earl Anthony Richards	5,325,000
Alexander I. E. Williams	500,000
Paul Buchanan	300,000

Senior Officers	Number of Shares Held
Sheldon Simpson	2,539,728
Craig Robinson	145,000