DERRIMON TRADING CO. LTD.

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2020

Consolidated Profit before tax of $207.47M

Consolidated Statements of Derrimon Trading Company Limited

Report to Stockholders
Six (6) months ended June 30, 2020

The Board of Directors is pleased to report the unaudited results of the Company for the Six (6) months ended June 30, 2020 and to report on the performance of the Group.

Financial Highlights

Consolidated Group

- **Consolidated Revenue of $6.30B, which was flat when compared to the corresponding six months reporting period in 2019.**
- **Consolidated Gross Profit of $1.20B, an increase of $105.38M or 9.63%**
- **Consolidated Profit before Tax of $207.47M, an increase of $21.02M or 11.28%**
- **Consolidated Earnings Per Stock unit of $0.059 an increase from $0.056**

The six (6) months consolidated results for Derrimon Trading Company Limited reported revenue of $6.30 billion which is $16.11 million more than the $6.29 billion reported for the corresponding six (6) months period in 2019. The impact of the slow-down in economic activities and demand by consumers and manufacturers as a result of the Covid-19 pandemic were the main reason for the negligible growth experienced at the Group level. We were however, encouraged by the continued growth that was reported by the retail segment of our business and by Caribbean Flavours and Fragrances Limited which speaks to the diversity of the Derrimon Group of Companies. As the economy continues to reopen, we remain encouraged that other areas will benefit from the increased expected increase in economic activities.

Despite the Covoid-19 pandemic ,the Group continues to strategically execute on the revised Business Plan which has resulted in significant growth in some areas of the business during the six (6) months period. We experienced steady growth in our revenue in the retail segment and Caribbean Flavours and Fragrances Limited whilst the distribution segment remained flat . Our subsidiary Woodcats international saw a reduction in business during the reporting period but we expect to see a rebound based on the reopening of many segments of the manufacturing sector in July 2020.

The Group reported gross profit of $1.20 billion which represents an increase of $105.38 million (9.63%) above the $1.09 billion reported for the comparative period last year.

Consolidated operating expenses for the six (6) months period was $965.76 million representing an increase of $141.56 million (17.17%) over the $824.20 million reported for the same period in 2019.

This increase was driven by the increases in lease payments, the depreciation of the Jamaican Dollar to the United States Dollars, trucking and delivery charges, costs associated with the new warehouse and utilities.

The realignment of our debt portfolio from short term to long term amortized facilities continues to have a positive effect on the Group by way of lower interest cost.

The consolidated profit before tax earned for this reporting period was $207.47 million, an increase of $21.02 million (11.28%) over the $186.45 million reported for the corresponding period in 2019. The Group net profit after tax was $183.89 million which was an increase of $16.26 million (9.70%) above the $167.63 million previously reported.

The consolidated total assets less current liabilities was $4.18 billion compared to the $2.34 billion reported for corresponding period in 2019.

The Company

Despite the Improvements in our distribution strategies, improved efficiencies and greater availability of key products, the Covid-19 pandemic had an adverse impact on our distribution business during this period.

The six (6) months result of the distribution and retail arms of the business (core) recorded revenue of $5.71 billion which is flat when compared to the $5.73 billion reported for the corresponding period last year. For this second quarter ended June 2020, revenue generated from core activity was $2.70 billion representing a decline of $151 million or 5.30% when compared to the $2.85 billion reported for the similar reporting period in 2019.

The retail arm of the business continues to do well and served to reduce the shortfall in revenue which the company experienced.

Gross profit from these divisions for the six (6) months period was $1.03 billion million which represents a $105.37 million (11.45%) increase above the $920.09 million reported for the similar period in 2019. Gross profit from core activities for the second quarter was $509.90 million and was $62.71 million (14.02%) more than the $447.19 million reported in the similar period in 2019.

Operating Expenses for the six (6) months period was $868.09 million which was $127.41 million (17.20%) above the $740.68 million reported for the comparative period last year. For the second quarter ending June 30, 2020, operating expenses was $445.32 million which was $76.43 million (20.72%) above the expenses incurred for the similar period in 2019. The major factors for this increase were increases in lease payments, the depreciation of the Jamaican Dollar to the United States Dollars, trucking and delivery charges, costs associated with the new warehouse and utilities.

Finance charges from core activities for the six (6) months period was $67.79 million down by $30.36 million (30.93%) from the $98.14 million reported in June 30, 2019. For the three (3) months ending June 30, 2020, the finance cost was $18.48 million which was $21.11 million (53.32%) below that reported for the similar quarter in 2019.

Pre-tax Profit recorded for the six (6) months period was $119.07 million representing a $29.23 million (32.54%) increase over the $89.84 million reported for the corresponding period in 2019. For the three (3) months ended June 2020, pre-tax profit was $57.90 million which was $11.96 million (26.03%) above the $45.94 million reported for the corresponding period.

Net profit for the six (6) months period was $104.18 million which was $25.58 million (32.54%) above the $78.61 million reported for the same period last year. For the second quarter ending June 30, 2020, core operations generated net profit of $50.66 million which was $10.47 million (26.05%) above the $40.20 million reported for the similar period in 2020. It is to be noted that this year's net profit includes taxation cost as this is our second year of making payment of 50% of corporate taxes on projected net profits.

Total Assets less Current Liabilities for the Company was at $3.94 billion or $1.95 billion (98%) more than the $1.99 billion reported for the similar period last year.

The results for the first six (6) months of 2020 are very encouraging for our business as a whole despite the global pandemic which has resulted in an economic slowdown and has negatively impacted some aspects of our business. We will continue to monitor and manage each element of risk, whilst adopting all the safety measures being initiated by the government. Despite the many challenges, we remain confident that we have the right talents 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

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Group Statement of Profit and Loss & Comprehensive Income
Six Months Ended June 30, 2020

	Notes	Group Unaudited Consolidated Three months ended June 30 2020 $'000	Group Unaudited Consolidated Three months ended June 30 2019 $'000	Group Unaudited Consolidated Six months ended June 30 2020 $'000	Group Unaudited Consolidated Six months ended June 30 2019 $'000	Group Audited year ended December 31 2019 $'000
Revenue						
Trading Income	2f	2,978,571	3,135,662	6,302,952	6,286,842	12,649,017
Less cost of sales		2,391,712	2,593,595	5,103,388	5,192,653	10,370,183
Gross Profit		586,859	542,067	1,199,564	1,094,189	2,278,834
Other Income		18,813	7,230	41,458	12,152	37,767
		605,672	549,297	1,241,022	1,106,341	2,316,601
Less operating expenses:						
Administrative		403,662	310,488	776,838	631,169	1,279,414
Selling & distribution		88,721	98,504	188,926	193,038	408,265
		492,383	408,992	965,764	824,207	1,687,679
Operating profits/ (loss) before finance charges		113,289	140,305	275,258	282,134	628,922
Less : finance cost		(18,483)	(38,422)	(67,785)	(95,685)	(283,196)
Profit before taxation		94,806	101,883	207,473	186,449	345,726
Taxation (Estimated)	6	9,740	8,253	23,587	18,824	43,018
Net profit being total comprehensive income		85,066	93,630	183,886	167,625	302,708
Net Profit Attributable to:		-	-	-	-	
Shareholders of the company		69,040	85,740	160,661	154,248	290,744
Non-controlling interest		16,026	7,890	23,225	13,377	11,964
Total comprehensive income		85,066	93,630	183,886	167,625	302,708
Earnings per share	2p	0.025	0.031	0.059	0.056	0.106

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

	Notes	Company Unaudited Derrimon Three months ended June 30 2020 $'000	Company Unaudited Derrimon Three months ended June 30 2019 $'000	Company Unaudited Derrimon Six months ended June 30 2020 $'000	Company Unaudited Derrimon Six months ended June 30 2019 $'000	Company Audited year ended December 31 2019 $'000
Revenue						
Trading Income	2f	2,699,012	2,850,008	5,711,827	5,730,836	11,637,878
Less cost of sales		2,189,108	2,402,816	4,686,371	4,810,749	9,608,914
Gross Profit		509,904	447,192	1,025,456	920,087	2,028,964
		509,904		1,025,456		
Other Income		11,802	7,230	29,489	8,574	26,864
		521,706	454,422	1,054,945	928,661	2,055,828
Less operating expenses:						
Administrative		356,962	270,786	682,371	549,866	1,098,451
Selling & distribution		88,359	98,107	185,722	190,816	404,861
		445,321	368,893	868,093	740,682	1,503,312
Operating profits/ (loss) before finance charges		76,385	85,529	186,852	187,979	552,516
Less : finance cost		(18,483)	(39,592)	(67,785)	(98,144)	(297,576)
Profit before taxation		57,902	45,937	119,067	89,835	254,940
Taxation (Estimated)	6	7,238	5,742	14,884	11,229	27,538
Net Profit		50,664	40,195	104,183	78,606	227,402
Total comprehensive income		50,664	40,195	104,183	78,606	227,402
Earnings per stock unit	2p	0.019	0.015	0.038	0.029	0.083

Derrimon Trading Company Limited
Statement of Financial Position
Six Months ended June 30, 2020

	Notes	Company Unaudited Derrimon Six Months June 30	Company Unaudited Derrimon Six Months June 30	Group Unaudited Consolidated Six months ended June 30	Group Unaudited Consolidated Six months ended June 30	Company Audited year ended December 31	Group Audited December 31
		2020 $'000	2019 $'000	2020 $'000	2019 $'000	2019 $'000	2019 $'000
ASSETS							
Non-current assets:							
Fixed Assets	**2g**	449,078	383,202	504,381	481,537	385,375	483,476
Right of use assets	**2h**	936,398		996,481	-	945,179	1,039,077
Goodwill	**2i**	33,220	33,220	182,120	163,940	33,220	182,120
Deferred tax asset		-	-			5	-
Intangible	**2i**	-	-	256,523	222,844		256,523
Investment in Subsidiary	**5**	942,541	942,073	-	156,907	942,541	-
Current assets:							
Receivables and prepayments		1,449,442	1,396,117	1,693,431	1,594,030	845,234	1,033,069
Inventories		1,260,465	1,112,973	1,481,715	1,375,402	1,750,852	1,992,174
Investment		127,707	16,949	396,990	233,887	31,330	280,599
Cash & bank		176,346	60,106	252,411	115,949	491,546	509,627
Tax recoverable		1,347	-	1,347	-	1,347	6,019
		3,015,307	2,586,145	3,825,894	3,319,268	3,120,309	3,821,488
Current Liabilities:							
Payables		1,055,611	1,116,091	1,119,439	1,165,871	902,850	976,846
Short term loans		276,963	839,839	341,963	839,839	535,000	536,316
Current portion of long term		60,314	-	66,314	2,370	119,629	122,448
Current portion of lease liability		40,585	-	56,868		66,302	70,601
Taxation payable		-	-	-		-	7,472
		1,433,473	1,955,930	1,584,584	2,008,080	1,623,781	1,713,683
Net current assets		1,581,834	630,215	2,241,310	1,311,188	1,496,528	2,107,805
Total assets less current liabilities		3,943,071	1,988,710	4,180,815	2,336,416	3,802,848	4,069,001
Equity							
Issued capital		140,044	140,044	140,044	140,044	140,044	140,044
Non-controlling interest		-	-	179,813	175,974	-	163,382
Retained earnings		1,052,165	826,520	1,094,648	974,847	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
		1,287,461	1,061,816	1,509,757	1,386,117	1,183,278	1,333,512
Non Current Liability:							
Borrowings		1,782,091	926,894	1,706,086	950,299	1,711,454	1,731,003
Lease liability		873,519	-	964,972	-	908,116	1,000,272
Deferred tax liability		-	-	-	-		4,214
		2,655,610	926,894	2,671,058	950,299	2,619,570	2,735,489
Total equity and none-current liabilities		3,943,071	1,988,710	4,180,815	2,336,416	3,802,848	4,069,001

Approved for issue by the Board of Directors on August 13, 2020 by:

Derrick Cotterell
Chairman

Ian Kelly
Director

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

Attributable to the Company's Shareholders

	Share Capital $'000	Retained Earnings $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Non-controlling interest $'000	Total $'000
Balance at 31 December 2018	140,044	820,343	614	94,638	162,597	1,218,236
Total comprehensive income	-	154,248	-	-		154,248
Dividends	-	-	-	-		-
Non-controlling interest	-	256	-	-	13,377	13,633
Revaluation in associated company	-	-	-	-		-
Balance at June 30, 2019	140,044	974,847	614	94,638	175,974	1,386,117

	Share Capital $'000	Retained Earnings $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Non-controlling interest $'000	Total $'000
Balance at 31 December 2019	140,044	934,834	614	94,638	163,382	1,333,512
Total comprehensive income	-	160,661	-	-	23,225	183,886
Non-controlling interest	-	(847)	-	-	(6,794)	(7,641)
Balance at June 30, 2020	140,044	1,094,648	614	94,638	179,813	1,509,757

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

	Share Capital $'000	Retained Earnings $'000	Investment Revaluation Reserve $'000	Treasury stock-realized gain $'000	Capital Reserves $'000	Total $'000
Balance at 31 December 2018	140,044	747,914	614	-	94,638	983,210
Total comprehensive income	-	78,606	-	-	-	78,606
Gain on stock sales	-	-	-	-	-	-
Balance at June 30, 2019	140,044	826,520	614		94,638	1,061,816

	Share Capital $'000	Retained Earnings $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Total $'000
Balance at 31 December 2019	140,044	947,982	614	94,638	1,183,278
Total comprehensive income	-	104,183	-	-	104,183
Non-controlling interest	-	-	-	-	-
Balance at June 30, 2020	140,044	1,052,165	614	94,638	1,287,461

Derrimon Trading Limited
Group Statement of Cash flows
Six Months Ended June 30,2020

	Note	6 Months ended June 30,2020 $'000	6 Months ended June 30,2019 $'000
Cash flows from operating activities:			
Net profit before taxation		207,473	186,449
Taxation paid		(31,059)	(24,311)
Changes in non-cash working capital components:-			
Depreciation		17,358	20,468
Depreciation-right of use		42,596	-
Deferred tax		-	(3,080)
Inventories		510,459	(94,615)
Tax recoverable		4,672	5,999
Receivables		(660,362)	(427,084)
Taxation payable		-	(8,525)
Payables		142,593	22,069
Net cash (used in)/ provided by operating activities		233,730	(322,630)
Cash flows from Investment activities:			
Investments		(116,391)	(53,120)
Investments in Subsidiary		-	23,504
Acquisition of property, plant and equipment		(38,263)	(44,354)
Net cash used in investment activities		(154,654)	(73,970)
Financing activities:			
Loan received during the year		-	208,505
Lease liability		(49,033)	-
Repayment of loans		(283,045)	(84,707)
Deferred tax liability		(4,214)	-
Net cash used financing activities		(336,292)	123,798
Net increase/ (decrease) in cash and cash equivalents balances		(257,216)	(272,802)
Net cash balance at beginning of the year		509,627	388,751
Net cash balance at end of period		252,411	115,949

Represented by:		
Cash & cash equivalents	252,411	115,949
Bank overdraft	-	-
Net cash and cash equivalents at end of period	252,411	115,949

Derrimon Trading Limited
Company Statement of Cash flows
Six Months Ended June,2020

	Note	6 Months ended June 30,2020 $'000	6 Months ended June 30,2019 $'000
Cash flows from operating activities:			
Net profit before taxation		119,067	89,835
Taxation paid		(14,884)	(11,229)
Changes in non-cash working capital components:-			
Depreciation		11,258	18,385
Depreciation-right of use		8,781	
Gain on disposal of fixed assets			
Foreign exchange loss			
Non cash adjustment			
Inventories		490,387	(1,684)
Short-term loans			
Receivables		(604,208)	(442,137)
Taxation recoverable		-	
Payables		152,761	25,546
Taxation payable		-	
Net cash (used in)/ provided by operating activities		163,162	(321,284)
Cash flows from Investment activities:			
Investments		(96,377)	(1,213)
Acquisition of property, plant and equipment		(74,961)	(21,388)
Net cash used in investment activities		(171,338)	(22,601)
Financing activities:			
Loan received during the year		70,637	172,557
Lease liability		(60,314)	
Repayment of loans		(317,352)	(67,105)
Deferred tax liability		5	-
Net cash used financing activities		(307,024)	105,452
Net increase/ (decrease) in cash and cash equivalents balanc		(315,200)	(238,433)
Net cash balance at beginning of the year		491,546	298,539
Net cash balance at end of period		176,346	60,106

Represented by:		
Cash & cash equivalents	176,346	60,106
Bank overdraft	-	-
Net cash and cash equivalents at end of period	176,346	60,106

Notes to the Unaudited Financial Statements

Six (6) Months Ended June 30, 2020

IDENTIFICATION AND PRINCIPAL ACTIVITIES

Derrimon Trading Company Limited ("the Company") is a company limited by shares, incorporated and domiciled in Jamaica. The Company 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assesses the existence of:

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

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

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.

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 March 31, 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 March 31, 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 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 June 2020	% Ownership by Company at 30 June 2020
CFFL	Manufacture of Flavours and Fragrances the Group at 30 June 2020	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 June 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.

(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.

(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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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

(l) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 Jahleel 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.

SEGMENTAL FINANCIAL INFORMATION (CONTINUED)

(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

		The Group 2020		
	Distribution $'000	Sampars Outlets $'000	Other Operations $'000	Total $'000
Revenue from external customers	3,370,243	2,341,584	591,125	6,302,952
Depreciation	6,263	4,995	6,100	17,358
Current Liabilities	717,571	715,902	151,111	1,584,584
Current Assets	2,175,224	410,921	1,239,749	3,825,894

		The Company 2020	
	Distribution $'000	Sampars Outlets & Select Grocers $'000	Total $'000
Revenue from external customers	3,370,243	2,341,584	5,711,827
Depreciation	6,263	4,995	11,258
Current Liabilities	717,571	715,902	1,433,473
Current Assets	2,175,224	410,921	2,586,145

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 June 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

June 30, 2020

Top (10) Stockholders	Number of Shares Held
Derrick Cotterell	1,113,797,633
Mayberry Jamaican Equities Limited	439,261,544
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 – Sigma Global Venture	34,962,100
JCSD Trustee Services A/C Barita Unit Trust Capital Growth Fund	33,217,609
Sagicor Select Fund – (‘Class C’ Shares) Manufacturing & Distribution	31,000,000
Sharon Harvey-Wilson	29,163,580

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	424,820

DERRIMON TRADING

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

June 30, 2020 (continued)

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