2023

ANNUAL REPORT

1998 2023

Mission

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

Vision

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

Values

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

contents

Notice of the Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of DERRIMON TRADING COMPANY LIMITED (the "Company") will be held on September 11, 2024 at 10:00 a.m. at the Terra Nova All-Suite Hotel to consider, and if thought fit, to pass the following resolutions: -

Ordinary Business: Resolutions 1 – 4

1. **To receive the audited accounts for the year ended 31 December 2023.**

   Resolution 1 – Audited Accounts
   "THAT the audited accounts for the year ended 31 December 2023 together with the reports of the directors and auditors thereon be and are hereby adopted."

2. **To elect Directors**

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

   Resolution 2a – Re-appointment of Ian Kelly
   "THAT the retiring Director, Ian Kelly be re-elected a Director of the Company"

   Resolution 2b – Re-appointment of Monique Cotterell
   "THAT the retiring Director, Monique Cotterell be re-elected a Director of the Company"

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

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

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

   Resolution 3 – Directors' Remuneration
   "THAT the Board of Directors of the Company be and are hereby authorised to fix the remuneration of the individual directors."

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

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

Dated the 6th day of June 2024

by Order of the Board

Secretary

Notes:

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

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

Chairman's Report

Fellow Shareholders,

25 years ago, we challenged ourselves to combine expertise and passion to create a scalable business, this led to the incorporation of Derrimon Trading Limited.

Not only have the people, who are at the heart of our business, realised and surpassed our initial goals but they also continue to overcome internal and external challenges. The team continue to evolve, reassess, pivot, and develop strategies to ensure our motto 'Believe in Better' remain foremost in our actions.

We believe in better, so we created a business to meet the needs of our people across the nation by providing products ranging from food to household items to wooden products. Our retail store locations grew from one outlet to ten retail outlets with locations in Jamaica and in the USA. We have also added four subsidiaries thereby creating the Derrimon Group of companies.

This year we celebrated 10 years of our listing on the Junior Market of the Jamaica Stock Exchange (JSE). We have so many achievements to be proud of during this period including

creating and enhancing shareholder value while becoming the second largest company on the Junior Market of the Jamaica Stock Exchange based on assets as at the end of 2023.

An organization is only as good as the quality of team members on board. We have empowered, trained and commit to the continuous development of our complement of staff which now stands at just under 1,000 people.

All the aforementioned were not accomplished without setbacks, navigating complexities and challenges. The 2023 financial year, was no different. Derrimon faced geo-political instability, disruption to our supply chain, internal and external challenges. Our resilient and talented staff were always poised to deliver the best possible outcome in every eventuality.

I would like to highlight the performance of two subsidiaries, Caribbean Flavours and Fragrances (CFF) and Woodcats who continue to innovate and add increasing value to their customers. These subsidiaries continue to perform well and we anticipate future growth from both companies.

Considering the investments made during the year, we are encouraged by our results across the group. I summarise 2023 as a year of reset and preparedness as we invested in our brands and people. We implemented our growth strategy which included revamping the organisational structure; enhancing human resources; improving, expanding and marketing the house brands (Delect, Refresh & Gentle); and upgrading store equipment and technology. All this with a view of taking our operation to another level, adding value in the near to long term.

As we focus on bringing quality products to the market at the best possible price, we also strive to give back to the nation.

As we focus on bringing quality products to the market at the best possible price, we also strive to give back to the nation. One of our latest activities was being the sponsor of the Schools' Challenge Quiz competition commencing in 2023, where we demonstrated our deep commitment to the education of our youth and the recognition and promotion of excellence. We continue to look for opportunities to contribute to the development of our nation.

The investments made in our business points to an exciting future as we are positioned for further growth. I am already encouraged by the signs of 2024 and I am particularly excited for what is to come as we look to take Derrimon Trading into the next 25 years.

I would like thank our valued shareholders, committed staff, insightful Board and other stakeholders for the continued support, belief and trust in Derrimon. I look forward to the next leg of the journey.

Derrick Cotterell
Chairman & Chief Executive Officer


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

Directors' Report

The Board of Directors is pleased to report to its shareholders on the performance of Derrimon Trading Company Limited (Group Consolidated). The report reflects the results of the implementation of many group strategies and policies whilst navigating challenges encountered during this reporting period. As a Board, we are very satisfied that the diversification strategies employed continue to provide the balance required to yield the best possible results for our shareholders.

OPERATING RESULTS

18,743,230
Revenue ($'000)

166,189
Profit Before Taxation

(15,798)
Taxation

181,987
Net Profit

DIVIDENDS

No dividend was paid during the year

DIRECTORS

The Directors of the Company as at December 31, 2023 are:

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

The mentor of the Company continues to be Mrs. Tania Waldron-Gooden.

The Directors who are retiring from office by rotation pursuant to Articles 97-99 of the Company's Articles of Incorporation are Ian Kelly, Monique Cotterell, Winston Thomas, and Paul Buchanan, being eligible, offer themselves for re-election

AUDITORS

The Auditors of the Company remains Baker Tilly of 11 Cargill Avenue, Kingston 5, Jamaica and continues to provide the desired service. The Directors continue to have their confidence and recommend their reappointment.

We wish to extend our special thanks to all shareholders and bond holders for the confidence that you continue to express in Derrimon Trading Company Limited. We look forward to a mutually rewarding relationship for the coming year and beyond.

We acknowledge and extend our appreciation to our members of staff for their committed efforts and deligent work. We thank our customers, suppliers, consumers and all other stakeholders for their continued support.

On behalf of the Board

Derrick F. Cotterell
Chairman/Chief Executive Officer

5-Year Statistical Highlights

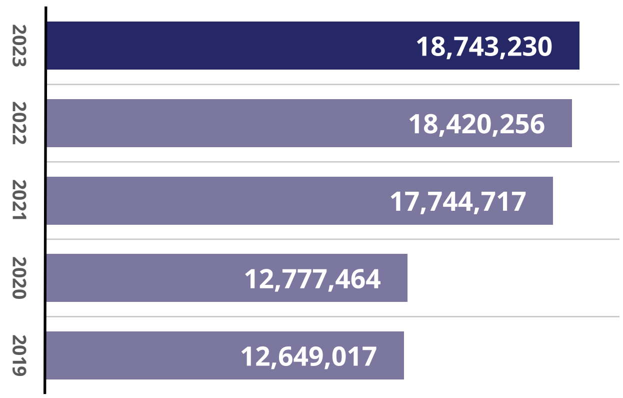
	2023 (J$'000)	2022 (J$'000)	2021 (J$'000)	2020 (J$'000)	2019 (J$'000)
Income Statement					
Revenues	18,743,230	18,420,256	17,744,717	12,777,464	12,649,017
Gross Profit	4,677,885	4,639,501	3,409,208	2,482,663	2,278,834
Total Operating Expenses	4,304,663	3,684,372	2,730,021	1,843,487	1,687,679
Profit before taxation	166,189	726,046	555,719	355,189	345,726
Net Profit	181,987	617,629	448,183	311,089	302,708
Balance Sheet					
Total Assets	16,647,360	15,372,995	11,548,371	7,415,814	5,782,684
Capital	6,872,860	6,373,881	5,762,167	1,603,937	1,333,512
Total Assets less Current Liabilities	12,499,708	10,934,155	9,272,721	5,207,693	4,069,001
Select Ratios					
Gross Profit Margin	24.96%	25.19%	19.21%	19.43%	18.02%
EBITDA Margin	7.18%	9.35%	6.40%	7.64%	6.27%
Current Ratio	1.84	1.64	2.42	2.16	2.15
Quick Ratio	0.61	0.71	1.22	1.17	0.98
Debt to Equity	0.95	0.85	0.70	3.12	2.60

18.7M TOTAL REVENUE

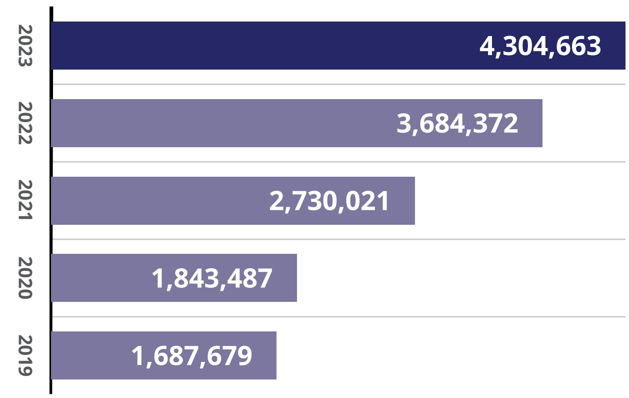
4.6M GROSS PROFIT

16.6M TOTAL ASSETS

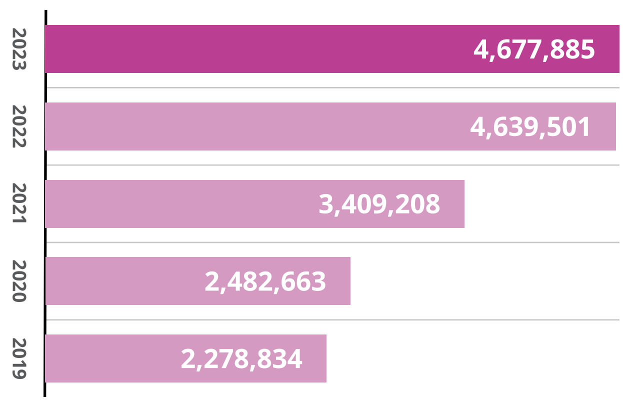
Revenues



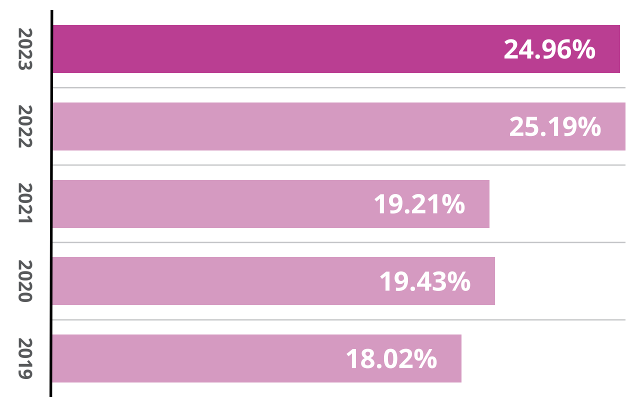
Total Operating Expenses



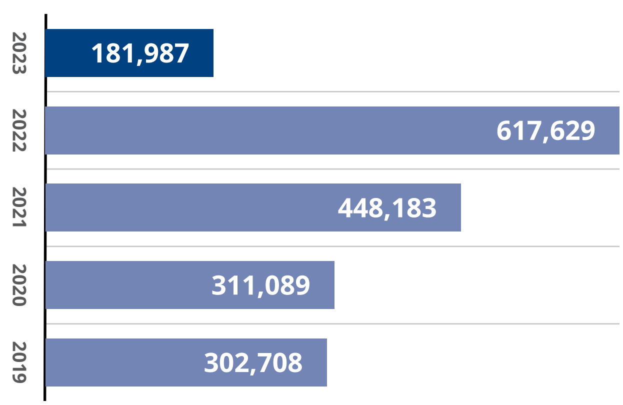
Gross Profit



Gross Profit Percentage



Net Profit



Corporate Data

REGISTERED OFFICE

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

ATTORNEYS-AT-LAW

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

AUDITORS

Baker Tilly
9 Cargill Avenue
Kingston 10, Jamaica

BANKERS/FINANCIAL ADVISORS

Bank of Nova Scotia
2 Knutsford Blvd
Kingston 5, Jamaica

National Commercial Bank
37 Duke Street
Kingston, Jamaica

Sagicor Bank
17 Dominica Drive
Kingston 5, Jamaica

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

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

REGISTRAR & TRANSFER AGENTS

Jamaica Central Securities Depository
40 Harbour Street
Kingston, Jamaica

BOARD OF DIRECTORS

Executive Directors

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

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

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

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

LIST OF SENIOR OFFICERS

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

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

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

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

Oral Richards, M.B.A, BBA.
Head of Retail & Purchasing

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

Stewart Jacobs, BA
General Manager, Arosa Limited

Peter Douglas, AAT
General Manager, Woodcats International Limited

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

David Lee
General Manager, Spicy Hill Farm Limited

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

Verona Howell, B.Sc.
Group Management Accountant

Rockey Allen, JP
Group Facilities & Security Manager

Jermain Thomas
Group Chief Information Officer

SEGMENT LOCATION

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

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

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

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

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

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

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

SELECT GROCERS – MAY PEN
Millennium Mall, Coates Pen Road
Clarendon, Jamaica

SUBSIDIARY LOCATION

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

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

AROSA LIMITED
Drax Hall, St. Ann's Bay
St. Ann, Jamaica
Tel: (876) 972-2310

SPICY HILL
235 Marcus Garvey
Kingston 11
Tel: (876) 470-8219

MARNOCK LLC & MARNOCK RETAIL LLC
(Good Food for Less & FoodSaver New York)
402 E. 83rd Street
Brooklyn, NY 11236
Tel: (718) 209-9300

Corporate Governance

Derrimon Trading Company Limited continues to be led by an effective Board of Directors who are responsible for the stewardship of the company. These are experienced professionals with diverse skills sets and knowledge from various professions and continue to make proactive policy decisions as per its Board Charter. The combined experience of each member ensures that the Board and Board Committees decisions are made objectively and that such decisions protect the interests of all stakeholders and the long-term success of the company. Maintaining accountability and transparency and compliance with ethical actions continue to be the guiding principles of our company.

During this reporting period, our Board had to adapt to many changes whilst ensuring that the policy and oversight responsibilities were effectively carried out. Our various Committee and Board Meetings were held using both the virtual and face to face medium. Despite the continued adoption of both approaches, the deliberation and decision making process was not negatively impacted. The Board of Directors of DTL and its various subsidiaries ensured that compliance with Corporate Governance Policies and Framework remained one of its highest priorities. We have been preparing for the new JSE Rule changes that came into effect in January 2024, whereby the guidelines for the changes in the new Independent Directors for both the Audit and Corporate Governance Committees and its new independent composition have been changed. The Board upon reviewing these new requirements is satisfied that we are presently compliant.

The increased prevalence of technology fraud, data hacking and ransomware were areas of prominent discussion at the Board level and policies to mitigate the possible impact were implemented. These discussions along with DTL's experience in September 2023 of the ransomware hacking, further strengthened our policy position and operational updates on various metrics were further implemented.

Derrimon Trading Company Limited ensured that compliance with Corporate Governance Policies and Framework remained one of its highest priorities and the company continued to improve and strengthen its corporate governance from a leadership stance whilst ensuring that the company adhered to the core values that Derrimon was established on. During the period and in line with best practices, Director Earl Richards was appointed as the alternate Director to the present Chairman.

> We utilize the various Board Committees to robustly monitor the financial policies, business strategies, internal controls and risk management policies.

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

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

The Corporate Governance Guidelines (CGG) for Derrimon Trading is available on our website and can be viewed at www.derrimon.com/investors/corporate-governance/

Board Functions

Areas of Responsibilities
The Board makes decisions, review and approve key policies and decisions of the Company, in particular:

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

The Chairman of the Board is responsible for the effective operations and leadership of the Board, and to seek sufficient information to make informed decisions in keeping with the company's mandate. The Chairman provides invaluable support to the executive and senior management teams and ensures that directors receive adequate and appropriate training and induction into Derrimon Trading Company Limited. Mr. Earl Richards was appointed as alternate Director to the Chairman.

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

> Each Director is required to have an in-depth knowledge and understanding of all aspects of the Company's business in order to make informed and objective decisions.

The preparation of detailed and timely reports in relation to the operational activities of the company is the responsibility of management, for review and analysis by Directors. Board Members have complete access to the management team of the Company through the Executive Chairman and are encouraged to keep abreast of all areas of the Company's operations.

Selection, Size & Composition of the Board
Members of the Board are selected based on their professional and industry expertise and as such are ideally capable to advise and act in the interests of all stakeholder groups. We continuously review the governance structure given the growth trajectory of the Company and Group to ascertain if further strengthening of the Board will be needed. No new directors were appointed to the Board of Directors during this reporting period.

As at December 31, 2023, The Board comprised of ten (10) members; three (3) Executive Directors, including the Executive Chairman, and seven (7) Non-

Executive Directors. We are confident in the Board's ability and they continue to provide guidance based on its collective knowledge and expertise and all that is required to deliberate on the activities of the business as well as any new projects which may arise. Given the size of the organization, and the environment in which it operates, the Board remains confident that the current complement is adequate to provide the guidance that is required by law and our own internal Charter.

Executive & Non-Executive Directors

The number of Executive Directors should at no time exceed 50% of the total number of Board Directors. This was the case as at December 31, 2023 reporting period.

Conflicts of Interests/Disclosure

All transactions involving the Company's shares by any Director, must be promptly reported to the Company Secretary who is obliged to disclose such information on a regular basis to Board Governance Committee and the Jamaica Stock Exchange. This was done and all trading of the Company's shares by Directors and senior management were reported to the Jamaica Stock Exchange during this Financial Year.

No Director should trade in the Company's shares during the period of one (1) month prior to the release of quarterly Financial Statements, and in the case of the Audited Accounts two (2) months prior to such release or any such time that the Company has an embargo on trading. No trading shall occur between the time a dividend is considered and the time in which that information is provided to the Jamaica Stock Exchange. No reports were filed to the Jamaica Stock Exchange during this reporting period.

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

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

Disclosures shall be made at the first opportunity in the next scheduled Board Meeting in writing and such disclosure shall be recorded in the Minutes of the Board Meeting.

The Director is required to excuse himself/herself from the Board Meetings where the Board is deliberating over any such contract and shall not vote on any such matter. If a conflict exists and is unable to be resolved, the Director should resign. None of such activities occurred during this reporting period.

Election, Terms, Re-election & Retirement

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

Board & Executive Compensation

Compensation of the Executive and Non-Executive Directors reflects the time, commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Directors of the quality required. The compensation is competitive and subject to review relative to what is being paid in comparable positions elsewhere. The Company did not undertake any of this activity through the Human Resources and Compensation Committee in 2023 as there was no proposal which required this Committee's adjudication during this financial period.

Access to External Advisors & Funding

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

During the 2023 financial year, a security breach occurred within Derrimon Trading, specifically a sophisticated ransomware breach that took place on August 28, 2023. The breach targeted our onsite, off-site, and cloud disaster recovery points, posing a significant threat to our operations and data integrity. Upon detection of the breach, our internal Information & Communication Technologies team along with our international advisors swiftly identified the affected areas and initiated immediate remedial actions. As an organization that is deeply committed to leveraging technology for operational efficiency, we pride ourselves on maintaining robust security measures and implemented policies and procedure to ensure that team members within the group adheres to same. Despite the unfortunate breach, we have swiftly adapted by implementing necessary adjustments to fortify our network infrastructure.

Succession Planning

The Board has full responsibility to ensure that the business is managed well at all times and that succession plans and potential candidates are identified for all Senior Executives, inclusive of the Executive Chairman. We continue to review the talents available to the company at the senior management level and above and seek to update the talent pool as deemed necessary.

Code Of Conduct

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

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

The Company also ensures that investors have access to information on the Company's financial performance.

Board Meetings and Committees

Meetings

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

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

Audit & Risk Management Committee

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

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

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

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

The Audit Committee shall review all financial statements and matters, which are of significant import to the investing public. The full Board will have responsibility and accountability for the final release of such information. This Committee met five (5) times during the financial year ended December 31, 2023.

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

Compensation & Human Resources Committee

The Compensation & Human Resources Committee shall:

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

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

Projects Committee

The Project Committee met twice (2) during the financial year in order to deliberate on the submissions made by management for the review of the IDB Invest capital loan proposals as well as other major projects being examined within the company. This Committee continues to support the Board and provides valuable advice on all matters presented.

Corporate Governance

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

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

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

Board Member	Board Meeting	Audit & Risk	Corporate Governance	HR & Compensation	Projects
Derrick Cotterell	4	-	-	-	2
Monique Cotterell	4	-	-	1	-
Earl Richards	4	5	-	-	2
Winston Thomas	4	-	1	-	-
Alexander Williams	4	-	1	1	-
Paul Buchanan	4	3	1	1	2
Howard Mitchell	2	-	1	-	2
Stephen Philibert	3	-	-	-	-
Ian Kelly	4	5	-	-	2
Tania Waldron-Gooden	3	4	-	1	2

The Chairperson for each Committee are as follows:

Audit & Risk Management .... Mr. Earl Richards

Projects .... Mr. Paul Buchanan

Corporate Governance .... Mr. Howard Mitchell

Compensation & Human Resources .... Mrs. Tania Waldron-Gooden

Risk Management

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

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

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

The key areas of the internal controls include:

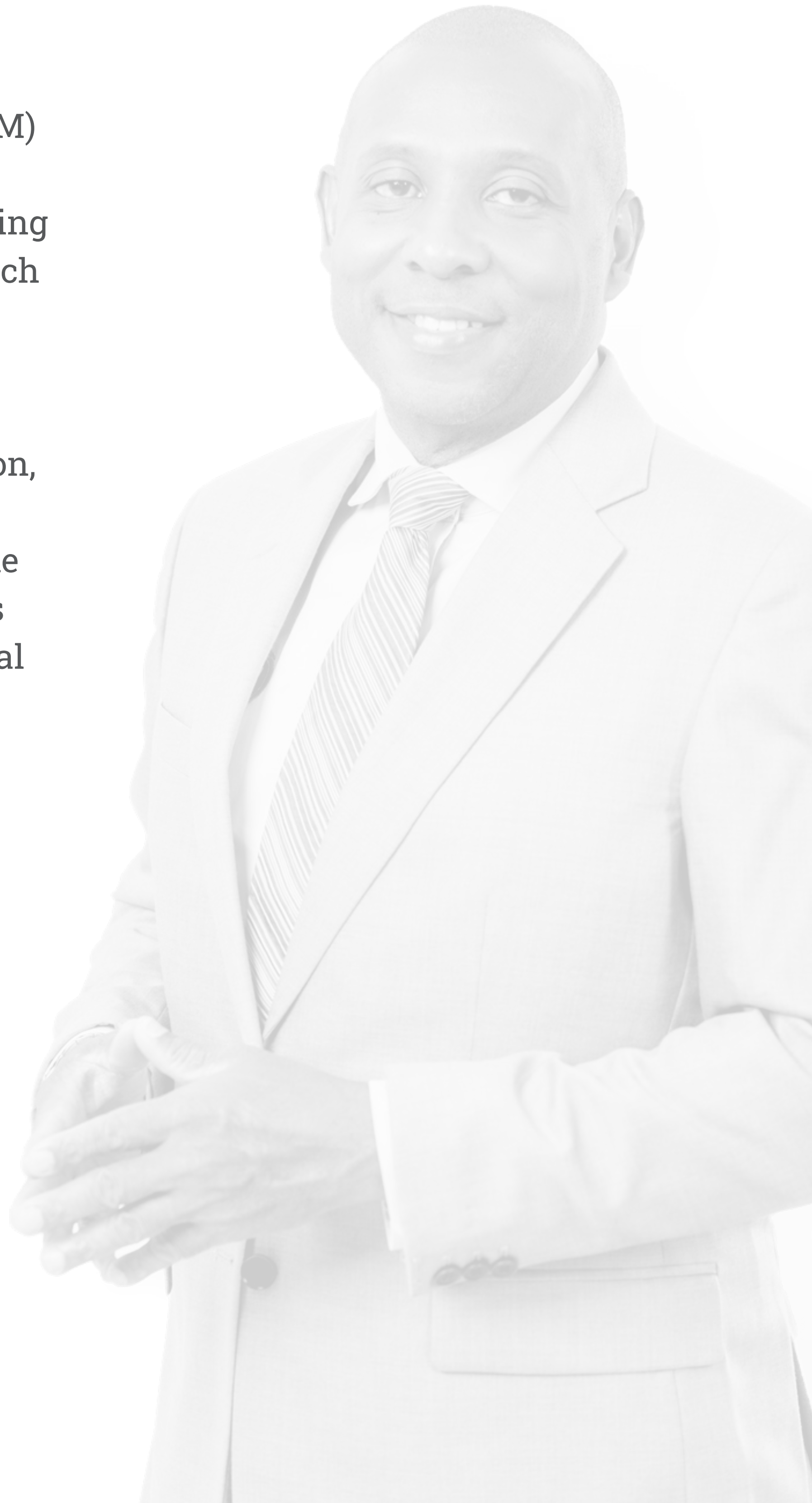
- The assignment of specific aspects of the Company's operation to members of the Executive Management Team. The team meets on a weekly basis and is responsible for operationalizing overall strategy and for reviewing the outputs of these strategies within the framework of the policies and procedures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

Derrimon maintains a focus on transparency and good governance in its operations. Shareholders and members of the public can view the group's financials and company's financials every quarter on a timely basis which allows for anyone to make a fair assessment of the state of affairs of the business. To ensure shareholder benefits and business continuity in the event of catastrophic occurrences, the implementation of robust internal measures to increase the security of our assets as well as the safeguarding of proprietary trade secrets, client's relationship and the data availability and assurance infrastructure have been undertaken. The company will continue to manage its risks to protect its employees, assets and the interests of all its stakeholders.

Annual General Meeting of Shareholders

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

Derrick Cotterell
Chairman and Chief Executive Officer



Board of Directors

Derrick Cotterell

Chairman & Chief Executive Officer

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

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

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

Monique Cotterell

Company Secretary & HR Director

Monique serves as Company Secretary and Human Resource Director at Derrimon Trading. She brings extensive experience in the service and retail industries; in particular, Customer Service Delivery and Customer Experience.

Monique also serves as a Director of the Rescue Package Foundation. She holds a Bachelor of Science in Business Administration from the University College of the Caribbean (UCC).

Ian C. Kelly, C.D.

Chief Financial Officer & Divisional Director, Sampars

Ian Kelly is a qualified and results oriented professional that is adept at finance and risk management with over 25 years of senior level experience in treasury, asset management, correspondent banking, mergers and acquisitions, corporate finance, and securities trading. He serves as the Group Chief Financial Officer for Derrimon Trading Company Limited and the Divisional Director for Sampars in which he is responsible for the financial reporting and stewardship of the company to internal and regulatory stakeholders, monitoring of subsidiary companies, as well as the execution of the expansion strategy of the Company. Ian is also the Chief Financial Officer and Company Secretary for Caribbean Flavours and Fragrances Limited, Woodcats International Limited and Marnock LLC and Marnock Retail LLC.

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

He serves on several Boards of which he is the Chairman of The Governor-General Jamaica Trust, Optimum Jamaica, TyDixon Primary School, Focused Opthalmics, Reggae Marathon, Optimum Trading Limited and a Director at Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Arosa Limited, Marnock LLC, Marnock Retail, FosRich Group of Companies, First Rock Private Equity, and Dolla Guyana.

Ian was recently recognized by the Government of Jamaica with a National Award, The Order of Distinction in the Rank of Commander, for Entrepreneurship and for Social and Community Service and fostering National Development.

Alexander I.E. Williams

Non-Executive Director

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

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

Alexander is a former Senator and served on several Joint Select Committees of Parliament. He was recently appointed as the Jamaican High Commissioner to London.

Tania Waldron-Gooden

Non-Executive Director & Company Mentor

Tania Waldron-Gooden is the Chief Executive Officer (CEO) of Chicken Mistress Limited trading as Island Grill.

She has twenty years of experience in areas of Investment Banking, Investment Analysis and Research, New Product Development, Pension Fund Management, Portfolio Management and Insurance Brokerage. She also has over 10 years of experience as a Jamaica Stock Exchange mentor.

Tania is the Jamaica Stock Exchange (JSE) Mentor and Director of Main Event Entertainment Group, and Derrimon Trading Company Limited. Tania is also a Director of First Rock PE and Jamaica Plumbing Supplies Limited. She is the JSE Mentor to Spur Tree Spices Jamaica, Caribbean Flavours & Fragrances Limited, EduFocal Limited, Caribbean Assurance Brokers Limited, Dolla Financial Services and Express Catering Limited and also provides mentorship and consulting services to Carbyne Capital Investments Limited, Lifespan Company Limited, WILCO Finance Limited and Omni Industries Limited.

As the Mentor to various Junior Market companies, she is responsible for providing the Board with support in establishing proper procedures, systems, and controls for its compliance with the Jamaica Stock Exchange Rule requirements for financial reporting, good corporate governance, and the making of timely announcements.

Mrs. Waldron-Gooden holds a Bachelor of Science degree (BSc. -Hons.) in Geology from the University of the West Indies, a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K and has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. Additionally, she holds a postgraduate diploma in Paralegal Studies; and is registered/licensed by the Financial Services Commission as an Individual Investment Advisor.

Earl Anthony Richards, C.D.

Non-Executive Director

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

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

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

Howard Mitchell, C.D., J.P.

Non-Executive Director

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

Mr. Mitchell has demonstrated a strong commitment to Public Service for decades and was appointed to the Board of the National Housing Trust (NHT) in 1987 and again served as Chairman from February 2008 to June 2012. He serves as a Justice of the Peace (JP) and in 2017 was awarded the Order of Distinction (Commander Class) for outstanding service to Business and the Public Sector as well as being elevated to the Hall of Fame of the Private Sector Organization of Jamaica in 2023

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

His contribution to Private Enterprise also includes the resuscitation of the Sports Development Agency (SDA) to become the Jamaica Lottery Company Limited (operators of Jamaica's first successful private lottery) and the co-founder of the Sports Development Foundation (SDF) (which was the forerunner of the CHASE Fund), as well as the establishment of Jamaica's largest packaging manufacturing plant, Corrpak Jamaica Ltd., before selling that company in 2016.

Mr. Mitchell is the immediate past President of the Private Sector Organization of Jamaica (PSOJ) and a former Vice President of the Jamaica Manufacturers and Exporters Association.

Paul Buchanan

Non-Executive Director

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

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

Stephen Phillibert

Non-Executive Director

Stephen has over 20 years of experience in Finance & Accounting, General Management and Strategy, Mergers & Acquisitions and Financial Risk. He joined Cornerstone in 2020 from PanJam Investment Limited, where he held the title of Chief Financial Officer for six years, and prior to that spent approximately ten years at GraceKennedy Limited in various financial and strategic roles, ending as Head -Corporate Planning & Strategy for the group.

In his capacity at Cornerstone, he is responsible for the financial operations of the group, including financial accounting and management, regulatory and financial reporting in accordance with regulatory requirements, capital and operational budgeting, tax planning and reporting, and oversight of the financial control environment. Stephen also provides support on projects of strategic significance.

He holds an MBA from the University of Toronto, a BSc - Accounting from the University of the West Indies as well as the Chartered Financial Analyst designation.

Winston Thomas

Non-Executive Director

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

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

Disclosure of Shareholdings

Top 10 Stockholders
as at December 31, 2023

Stockholders	Shares
Derrick Cotterell	**1,125,531,673**
Barita Investmemt Ltd-Long A/C (Trading)	**918,510,927**
Monique Cotterell	**400,000,000**
Mayberry Jamaican Equities Limited	**282,398,214**
Ian C. Kelly	**169,107,209**
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	**128,427,885**
Estate E. Cotterell (Deceased)	**100,000,000**
PAM - Pooled Equity Fund	**63,009,992**
Winston Thomas	**59,801,180**
ATL Group Pension Fund Trustees Nom Ltd	**56,349,216**

Directors' and Senior Officers' Stockholdings
as at December 31, 2023

Directors	Shares
Derrick Cotterell	**1,125,531,673**
Monique Cotterell	**400,000,000**
Ian C. Kelly	**169,107,209**
Winston Thomas	**59,801,180**
Earl Anthony Richards	**5,441,167**
Paul Buchanan	**300,000**
Alexander Williams	**500,000**
Tania Waldron-Gooden	**628,879**
Stephen Philibert	**0**
Howard Mitchell	**790,331**

Senior Officers	
Sheldon Simpson	**2,591,358**

2023
HIGHLIGHTS

25th
ANNIVERSARY
1998–2023

1400%
Growth in market capitalization
since being listed on the JSE

$16.6
billion
total assets

$18.74
billion
Group Consolidated Revenue

$4.68
billion
Group Gross Profit

Management Discussion & Analysis

The Board of Directors and Management of Derrimon Trading Company Limited (Derrimon, DTL or Company) and its subsidiaries (Group) are responsible for the integrity and presentation of the Management Discussion and Analysis (MD&A).

The audited financial statements for the period ended December 31, 2023, should be read in conjunction with the MD&A for the reader to gain full clarity on Derrimon's audited results. The financial information discussed below covers the reporting period January 1 – December 31,2023 and is presented in Jamaican Dollars (JMD), the functional currency of the company. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Derrimon was incorporated on December 21, 1998.

2023 Recap

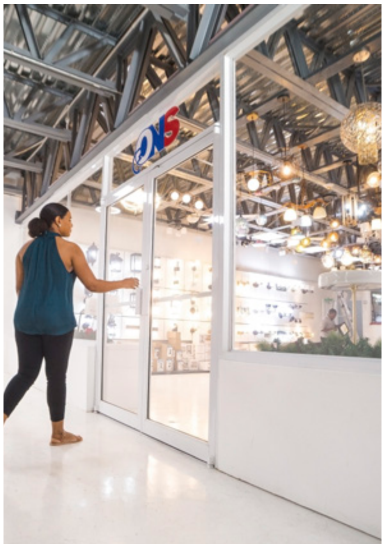
The year was characterized by a series of macro-economic challenges, one-off exceptional occurrences and organizational improvements. Three (3) consecutive years of high inflation meant that our customers had less disposable income which negatively impacted consumer spending. Our management of these challenges is a testament of the tenacity and dedication of our team and the pivots made during the year. The changes implemented at Derrimon in 2023 will result in benefits for shareholders in the medium to long term. Some of these major changes and milestones, included:

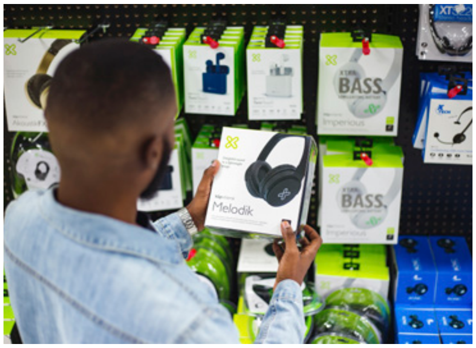
1. The launch of a new retail technology platform designed to improve efficiency and user experience.
2. Improvement in group procurement and supplier relationships.
3. Revamp of the organizational structure and enhancements to the human resource complement and talent to improve execution and efficiency.
4. Further expansion and deepening of the distribution of the proprietary brands namely Delect, Refresh and Spicy Hill.

During the year the company executed pivotal actions which addressed: the re-organization of Arosa, Marnock LLC and Retail; technical issues identified with the deployment of our new retail technology platform;


SELECT
GROCERS
SELECT
GROCERS


FLAVORS
FROM AROUND THE WORLD




BASS
Melodik
BASS


PET SHOPPE
QUALITY FOOD AND ACCESSORIES

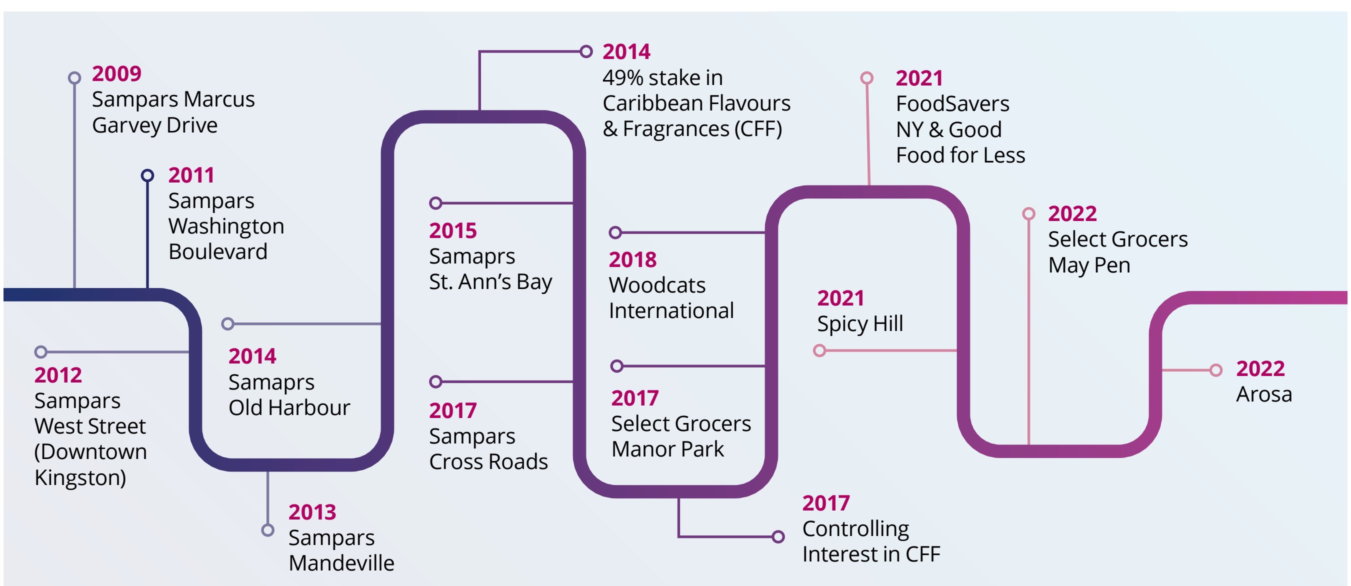
completing the build out of the Select superstore in May Pen; and adjusting to the new distribution agreement of the Nestle portfolio which had a smaller scope.

Derrimon celebrated its 25th anniversary on December 21, marking the day the company was incorporated by Chairman and Chief Executive Officer, Derrick Cotterell. It was the perfect time to reflect on the lessons and achievements of the last 2.5 decades:

- **Listing on the JSE:** Derrimon listed on the Jamaica Stock Exchange (JSE) on December 17, 2013, when it had total assets of $872.20 million, revenue of $4.76 billion and net profit of $15.79 million as per the 2012 audited financials. The Company listed with a market capitalization of $560.34 million at the initial public offering (IPO).
- **1400% growth in market capitalization:** A decade later, Derrimon is now the largest company on the Junior Market of the JSE with total assets of $16.65 billion and the sixth (6th) largest company by market capitalization of $8.39 billion. We have grown exponentially, thanks to our principles and business strategies. Our commitment to diversification has allowed us to enjoy the benefits of our investments across the value chain: manufacturing, distribution, and retail. This allows the company to capture and retain more margin. Our strong reputation in the market allowed us to successfully raise financing on multiple occasions: our initial public offering, two preference shares offers and an additional public offering. Each offer was fully subscribed – indicating the market's confidence in our strategy, execution, vision and character. The proceeds of these offers were used to finance inorganic and organic expansion opportunities across the Caribbean and North America. Derrimon has ascended, thanks to our customers, shareholders, brokers and other partners having faith in the plans shared for the long term vision of the group of companies.
- **Transitioning of the company** from a pure commodity based business to one which incorporates its own brands as well as being the distributor of choice for various local and international principals. These offerings deliver value to our customers and allow us to be more relevant to their business needs.

We are encouraged and excited of the fact that we have a talented pool of professionals who continue to execute on key strategic initiatives as dictated by our growth objectives. The longevity of our organization is of utmost importance, hence continuous expenditure to modernize our operations is conducted to achieve greater efficiency. We continue to look for opportunities to facilitate the ultimate increase in shareholder value.

The last Annual General Meeting (AGM) was held on the September 27,2023 at the Terra Nova Hotel. At this meeting, management presented plans to navigate challenges while honouring our growth plan. This was our tenth (10th) AGM since listing and it was an opportunity for investors to get a deeper appreciation of our various subsidiaries and offerings, including our proprietary brands Delect, Refresh, and Gentle.



The first half of the financial year saw strong marketing and public relations exposure for Derrimon brands and team. Derrimon's products and brands were featured at high profile, well attended events during this period. These placements and activities broadened the target audience and increased brand awareness for products within the portfolio.

1. **At the JMEA Expo,** PM Andrew Holness and all attendees were able to view a wide array of products from segments of our group: CFF, Delect, Arosa, Spicy Hill and Woodcats. This highlighted to the patrons some of the focused areas of growth for the group of companies as we endeavour to improve margins and make our brands a favourite among consumers.
2. **The CEO and Chairman** was a guest judge for the "Best New Local Product" category at the Observer Table Talk Food Awards. The products from both winners will be featured on the shelves of Select Grocers or Sampars, FoodSaver NY and Good Food For Less (Brooklyn) and will be considered for distribution throughout our operations.
3. **Derrimon brands were also showcased** and sampled by attendees at the Jamaica Observer Food awards.
4. **The Derrimon team sponsored** a series of events to promote its consumer brands. Some of the events included "Sweat Fetes" and "Dancing Dynamites" which targeted the fitness community and high school students respectively. This reinforced our commitment to health and wellness and provided the opportunity to showcase our Refresh product to the market.

	Q4 2023 ($'000)	Q4 2022 ($'000)
Consolidated Revenue	4,648,825	4,611,378
Gross Profit	1,479,803	1,621,082
Operating Profit	(200,507)	397,472
Finance Costs	59,748	196,659
Net Profit	(92,731)	135,442
Net Profit Attributable to Shareholders	(77,535)	118,228
EBITDA	126,329	588,811

The second half of the year was spent adjusting business strategies and future proofing of the business.

Cybersecurity enhancements: The company made significant improvements to its cyber security infrastructure in the face of a cyber incident in late August 2023. The incident resulted in disruptions to the local and international distribution and retail operations but was resolved swiftly. Investments in new technology and enhancements of our operating procedures and protocols will ensure that our data and environment are appropriately secured.

New distribution arrangement was secured with a New York

partner and aimed at expanding the reach and sales of the Delect brand through their channels in the New York tri-state area.

Organizational structure improvements: Various teams across the group underwent organizational changes aimed at increasing efficiency and growth. The company made significant expenditure in both the acquisition of talent as well as improvement in base compensation of key talent.

Continued stress on the consumer: Tight Jamaican dollar liquidity and high interest rates continued to exert pressure on the customer and the company. The BOJ kept its policy rate at 7.00% while the United States Federal Reserve continued to maintain its 5.25% – 5.50% funds rate. Our Jamaican customers also experienced an increase in transportation fares by public passenger operators which further squeezed their discretionary spending.

IDB Invest Financing Facility: The Company continues to explore various ways to improve its funding mix and as such, signed a USD$8 million facility with IDB Invest in order to fund its operations. The facility will be utilized for trade financing with a tenure of three (3) years and capital financing of ten (10) years.

Macroeconomic Environment

Preliminary estimates by the Statistical Institute of Jamaica showed the country's Gross Domestic Product (GDP) increased by 2.6% in 2023 compared to the 5.2% in 2022. The IMF and MOF are projecting a 1.8% rise in GDP for 2024.

The mining and quarrying sector was the strongest performing sector of the goods producing industries segment of the economy as it rose by 21.5% in the fourth quarter. Agriculture, forestry and fishing and manufacturing increased 2.6% and 0.3%, respectively, as output increased for both sectors during the fourth quarter. Construction declined 3.8% during the fourth quarter and was the only declining sector of the goods producing industries. All service industry sectors excluding producers of government services saw an improvement in performance with the hotels and restaurants segment recording an 8.3% rise in the fourth quarter.

Jamaica recorded its lowest unemployment rate to date in October 2023 at 4.2% compared to unemployment rate at 6.6% in July 2022, the last prior period of published unemployment data in 2022. The employed labour force was 1,320,400 in October 2023 which is above the 1,269,100 labour force reported in January 2020 when the unemployment rate was 7.3%. Point-to-point inflation peaked in January at 8.1% before ending 2023 at 6.9%. Calendar year inflation was 7.5% compared to the 6.2% in 2022. The Jamaican Dollar depreciated by 1.91% from $152.05 to $154.95 at the end of 2023.

The Bank of Jamaica (BOJ) maintained its tight monetary policy stance as it left its policy rate unchanged at 7.0%, with the last increase in November 2022. The BOJ has sought to maintain tight Jamaican Dollar liquidity and used different facilities like its certificate of deposit (CD) offering to influence interest rates in the financial system. The country's net international reserves increased from US$3.98 billion in 2022 to US $4.60 billion or 36.48 weeks of good imports. Total remittance inflows marginally declined from US$3.44 billion in 2022 to US$3.37 billion, a figure which is well above 2020 levels. The Sangster International Airport saw a 20 per cent improvement in passenger traffic to 5,211,900 which is the highest passenger count to date. The Norman Manley International Airport saw air traffic surpassing 1,748,100 passengers for 2023, an 12% improvement over 2022. Jamaica was upgraded by S&P Global Ratings and Moody's to BB– and B1, respectively as Jamaica continues to reduce its debt to GDP ratio. Fitch maintained its credit rating at B+.

The USA's real GDP growth for 2023 was 2.5% which was higher than the 1.9% in 2022, according to the Bureau of Economic Analysis. The labour market remained relatively robust despite the unemployment rate ticking up from 3.50% in December 2022 to 3.70% in December 2023 according to the Bureau of Labour Statistics. Despite these positive gains, the USA's Debt to GDP ratio was 97% with the size of government debt increasing during the year. This was reflected by Fitch deciding to downgrade the USA's long-term credit rating from AAA to AA+ on August 1 and Moody's lowering the USA's outlook from stable to negative. Inflation also trended down from 6.5% to 3.4% which was relative relief for consumers. However, the US Federal Reserve's Funds Rate increased from 4.25 – 4.50% to 5.25 – 5.50%, a rate which has been maintained since then.

Financial Analysis

2023 was a year of reconnaissance and future proofing for Derrimon. The 25th anniversary of the company's existence coincided with the need to make significant investments and outlays that will support future growth. Many of these investments and expenses negatively impacted the short-term current results but are likely to reap benefits in subsequent financial years. Derrimon maintained steady revenue growth and expanded market penetration in key market segments. However, this was eroded by exogenous cost increases (e.g. labour, security, insurance) and the write off and impairment of various bad debts. These challenges have resulted in a change in business strategy and an effective future proofing of the business.

Group Financial Performance

Revenue increased year over year: Consolidated revenue for the group increased by 1.75% from $18.42 billion to $18.74 billion as our wholesale and retail business sold more volumes during the year along with our other operations contributing to top line growth. Group gross profit marginally increased from $4.64 billion to $4.68 billion with the gross margin decreasing from 25.19% to 24.96%.

Other operating income rose 60.52% to $381.03 million which was largely related to a $280 million fair value gain on an investment property.

Expenditure: Total expenses for the Derrimon Group increased by 14.30% from $3.60 billion in 2022 to $4.11 billion in 2023. Operating and administrative expenses rose by 14.32% to $3.32 billion and selling and distribution expenses rose by 14.24% to $787.17 million. Staff costs increased by 15.48% from $1.27 billion to $1.47 billion. It is worth noting that several exogenous events contributed significantly to higher costs in 2023. The rise in minimum wage, skilled labour shortage, general adjustment in staff salaries and public sector wage increases led to the overall increase in staff costs. Similarly, Insurance expense increased by 50.68% due to the rise in premiums observed globally. There was also a 55.27% increase in security costs to $81.56 million, a result of the increase in the minimum wage for security guards and a reclassification exercise performed across the entire industry. Other notable items for the group included utilities, bank charges and repairs and maintenance which increased on a year over year basis with professional fees being the only category to record a reduction.

Bad debt write offs: The Group's impairment allowance on financial assets increased by 119.65% to $194.71 million largely due to $142.69 million being recorded as bad debt ,written off during the year. The Group extends credit to different customers under specific conditions which might not always be collectible in the stipulated timeframe due to different circumstances. Some of these 'debts' might be recovered at a future date, but financial reporting standards require for these sums to be written off which has an impact in reducing the Group's profitability. If those sums are recovered, they can be credited to the income statement. The Group also had a higher credit loss provision on receivables during 2023 which reflects a higher loss allowance on the gross carrying value of our trade receivables.

Finance costs: The Group's long and short-term borrowings increased by 18.69% from $2.90 billion to $3.45 billion, with this figure rising to $3.99 billion when bank overdrafts are included. This increase in debt was used to finance additional working capital needs across the Group and for the refinancing of a portion of our existing debt. Refinancing at higher rates resulted in the interest expense growing by 10.07% from $321.31 million to $353.68 million. The Group recorded a foreign exchange loss compared to a foreign exchange gain in the prior period, while lease interest expense was 40.34% higher at $230.22 million due to the company recording a full year of its new Select Grocers location in Curatoe Hill, Clarendon along with a general increase in lease rates. The Group recorded finance costs of $588.07 million which was 26.85% over that reported in 2022. The company's finance costs also increased by 31.16% from $427.65 million to $560.91 million due to the higher interest expense on debt and higher lease interest expense from the rise in interest rates and larger lease profile under IFRS 16.

Taxation & Profits: Group taxation had a tax credit of $15.80 million compared to a tax expense of $108.42 million in the prior period. This was largely influenced by a tax credit at the Derrimon company level and other tax allowances. CFF's 50 per cent tax remission ended on October 2, 2023 which means that subsidiary will be taxed at the normal rate going forward.

Derrimon continues to operate as a Junior Market Company but without the application of any tax remissions since our 2021 additional public offering (APO).

Group consolidated net profit decreased year on year by 70.53% from $617.63 million to $181.99 million with Derrimon's profit attributable to shareholders declining 72.36% from $579.98 million to $160.33 million. Earnings per share declined from $0.128 to $0.035.

Derrimon company incurred a net loss of $189.05 million compared to a net profit of $228.06 million in reporting period ending 2022. Earnings per share decreased from $0.059 to a loss per share of $0.042.

Balance Sheet Management: The Derrimon Group's total assets increased by 8.29% from $15.37 billion to $16.65 billion which was driven by the 22.44% increase in inventories to $5.09 billion. Property, Plant and Equipment (PPE) reduced from $3.75 billion to $3.57 billion due to the transfer of a property to the investment property line item which ended the year at $630 million following a $280 million fair value gain. Our investment securities portfolio marginally decreased to $203.48 million given the sale of quoted shares during the reporting period.

Current assets grew by 4.68% to $7.62 billion with cash and short-term deposits moving from $901.88 million to $411.83 million as we decreased our payables balance and spent more on inventory for our proprietary product plans in 2023. Our receivables balance decreased by 6.26% to $2.04 billion due to increased expected credit loss provisions and a smaller trade receivables balance.

$9.77 billion

Total liabilities increased by 8.62% from $9 billion to $9.77 billion as non-current liabilities and current liabilities moved to $5.63 billion and $4.15 billion, respectively.

$3.13 billion

Long-term loans increased by 19.85% to $3.13 billion while short-term loans went up to $321.20 million. Lease liabilities increased by 22.30% to $3.07 billion as a result of a new lease and foreign exchange (FX) changes attributed to leases denominated in $USD.

$2.56 billion

Payables reduced year on year by 17.90% from $3.15 billion to $2.56 billion as the group's local trade payables and staff payables were decreased at year end.

$6.63 billion

Equity attributable to shareholders rose by 8.06% to $6.63 billion as the group's retained capital reserve and retained earnings both increased during the period.

Company Financial Analysis:

Company revenue increased by 11.48% to $12.85 billion. This was primarily driven by contribution from our new Select Grocers location and increased sales from our Sampars division. Gross profit for the company decreased by 3.23% from $2.83 billion to $2.74 billion with the gross margin declining from 24.52% to 21.29%. The company's other operating income improved by 24.90% to $273.72 million as we benefited from increased other income of bad debts recovered, insurance proceeds, dividends and management fees from subsidiaries to offset group related costs which increased by 11.35% from $57.93 million to $64.50 million during this reporting period.

Total operating expenses for the company rose by 11.74% to $2.58 billion which included a 11.58% rise in operating and administrative expenses from $1.77 billion to $1.97 billion. Selling and distribution expenses closed the period at $606.04 million, a 12.27% rise due to increased business activity. Staff costs increased by 6.81% to $779.70 million as the Select Grocers branch in Clarendon contributed to the financial performance of the company for the full year along with general wage increases. The 12.06% rise in utilities to $210.69 million is due to the company having more commercial activity during the period despite a reduction in electricity rates from 2022 highs. The associated rise in insurance costs, security costs and bank charges are related to the same elements mentioned for the Group earlier.

The company had an impairment allowance of $124.44 million, a 194% increase over last year's figure due to the write-offs associated with some of our trade receivables. If the amounts written down are recovered whether partially or in whole, it could be credited to the income statement.

The company's debt increased from $2.97 billion to $3.42 billion, with that balance rising to $3.89 billion when bank overdraft is included. The Company owes $225.14 million to its subsidiaries with some arrangements attracting interest for the company.

Capital Expenditure for the Group and the Company: The Group invested an additional $120.68 million in PPE. Most of this related to the "company" which spent the bulk of the funds on improvements of $77.45 million. This was largely driven by the need to bolster our computer system, support the retooling of Arosa and supporting the expansion of Spicy Hill's new plant at our Marcus Garvey Drive manufacturing facility. Most of the Group capital expenditure relate to the wholesale and retail divisions while subsidiaries such as Caribbean Flavours and Fragrances upgraded to an automated filling line during the period.

11.48%
Increase in Company revenue to $12.85 billion

$120.68
million. Group investment in PPE

11.74%
Increase in total operating expenses

Segment Analysis

Distribution: Revenue in the distribution segment declined by 12.77% from $8.20 billion in 2022 to $7.16 billion in 2023 due mainly to the restructuring of a distribution arrangement with Nestle. The 20-year partnership was restructured amicably and mutually on the basis that it was no longer financially attractive for both parties. The new arrangement has Derrimon distributing into specific channels which also constitute a smaller geographical spread.

Management has pivoted to identify new sources of revenue that it anticipates will be more sustainable and profitable in the medium to long term. For example, management increased the promotion of its proprietary brands, such as Refresh and Delect, across international and local markets. The team successfully secured a new distributor in New York, as it attempts to further penetrate the diaspora market. The costs of these efforts given the need to build the bedrock of our brand exceeded J$150 million during the period. We expect to experience noticeable benefits from these expenditure in the next financial year. Management believes that investing in our proprietary brands in higher growth markets is a good use of capital and will ultimately lead to the best creation of shareholder value. Other one-off costs experienced by the division include bad debt write off and excess demurrage charges due to logistics and procurement disruptions which were incurred but not anticipated to be recurring.

Total assets decreased by 1.78% to $11.64 billion while total liabilities grew 2.90% to $7.43 billion during the period. This was driven by additional debt financing and current payables at the end of the reporting period.

Wholesale and Retail: Revenue in the retail segment increased by 14.77% from $8.51 billion in 2022 to $9.77 billion in 2023. This was the combined result of continued growth at local supermarkets and outlets, a new Select Grocers location at the Millenium Mall in May Pen and improved sales at the New York based subsidiaries. Improved revenue growth is evidence that there continues to be a growing demand across the respective markets. Despite top line growth, profitability suffered due to a few one-off items as well as a change of business strategy in the US. The new Select Grocers location in May Pen experienced typical new store challenges such as higher than expected initial technology costs, construction delays and trade supply constraints. This eroded higher revenue in the form of higher costs or foregone business. However, these are one off non-recurring items that have been resolved. We anticipate that customer activity and profitability for the May Pen store will improve in 2024.

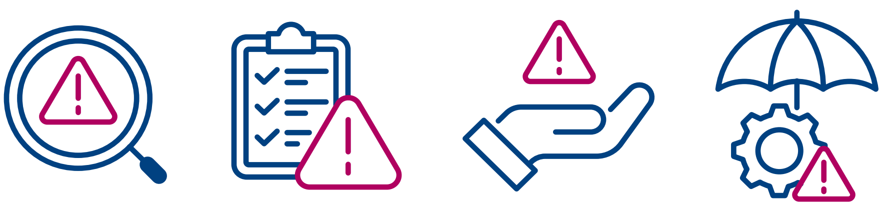
The New York businesses downsized the credit component of their operation and wrote off bad debts that were previously classified as impaired. The strategic decision to reduce the amount of credit extended is likely to limit the size of any future write offs. The combined effect of these one off costs and impairments led to a 31.22% decline in the operating profit to $972.95 million. Total assets increased by 35.32% to $6.07 billion while total liabilities increased by 35.49% to $3.24 billion.

We are thankful for the work by the Sampars, Select Grocers and Marnock team members in what was a challenging year for all retail businesses. The service and dedication of all our staff continues to make the difference and be the catalyst for the long term growth that we strive for.

Other Operations: The other operations segment experienced an 8.06% uplift in revenue to $1.95 billion with CFF and Woodcats recording their best years on record. Spicy Hill also had an improved performance as the business leveraged the expanded capacity and product line to grow their top line sales. Arosa experienced challenges in maintaining output levels of their manufactured product due to higher than anticipated machinery downtime. The team is actively working on a modernization plan for the equipment to increase capacity, improve reliability and establish a steady supply of its products to the market. The operating profit for this segment also improved by 57.25% to $271.83 million due to operational improvement that drove efficiency gains at both CFF and Woodcats. CFF's operating profit has tripled since June 2014 when we acquired

our initial stake in the business. Similarly, the 2023 operating profit of Woodcats is six-folds larger than its 2019 outturn, the first full year after the acquisition in September 2018. Total assets for the segment improved by 15.19% to $1.61 billion with total liabilities rising 8.14% to $1.97 billion.

CFF and Woodcats are two critical businesses to the Jamaican manufacturing community and all efforts continue to be made to diversify the businesses as well as to deepen and broaden our roots within the various markets that we serve. We will continue with the fine tuning of the entire subsidiaries' operations and business models to ensure that the correct strategies are implemented in all markets and across all businesses geared at growth and positive financial outcomes. We are anticipate by the opportunities presented, with our improved human capital and the policy commitment from our Board, that sustained success will be realized.



Risk Management

The risk management policy framework which has been established by the Board of Directors continues to be a critical part of the daily operations of the Derrimon Group of Companies. The management team are the key drivers in the management, operational and enterprise risks within the framework of the policy and are reviewed by the Audit Committee of the Board of Directors. The implementation of various strategies of managing and controlling inventory and cash are reviewed and trends are analysed.

A full evaluation of our risks is performed at every level of operation to ensure that all of the known elements of risks are effectively managed and mitigated. The various enterprise risks are measured and managed, standards are maintained, thorough inspection of raw material inputs and further testing at the completion of the manufacturing process ensures higher levels of standardising product quality control.

Some of the risks identified in 2023 included:

Operational Risks – This arises from the inability to execute business due to internal or external factors that inhibit activity. This risk can further be compounded by employee errors, fraud, natural disasters and damage to physical assets. The Group has insurance policies for business interruption, property damage and public liability and these were reviewed and upgraded during the financial year based on recommendations received from our experts. Despite the sharp increase to premiums and rates, that did not deter the decisions to increase the various coverages in order to achieve the desired outcome.

Inventory Risks – Securing inventory at our various locations remains a critical part of the daily operations of our group of companies. DTL manages a main warehouse which is operated by a Third Party Logistics Operator(3PL) under a contract. The management and monitoring is done under DTL's routine standards and losses outside of agreed metrics are for the full reimbursement by the contractor. Periodic cycle counts during the year as well as quarterly and annual full inventory counts indicate that there were no material risks. The company also employs a full inventory audit team which is responsible for similar exercises at the various retail stores with audit schedules and procedures that guide the activities. The implementation of active counts, activation of the technology platform that provides sales activities per SKU, variance analysis reports are active tools utilized during the year. The program implemented and contractual obligations were adequate and we will continue to review and make the desired changes as deemed necessary.

Technology & Data protection

During the 2023 financial year, a security breach occurred within Derrimon Trading, specifically a sophisticated ransomware breach that took place on August 28, 2023. The breach targeted our onsite, off-site, and cloud disaster recovery points, posing a significant threat to our operations and data integrity. Upon detection of the breach, our internal Information & Communication Technologies team along with our international advisors swiftly identified the affected areas and initiated immediate remedial actions. As an organization that is deeply committed to leveraging technology for operational efficiency, we pride ourselves on maintaining robust security measures and implemented policies and procedure to ensure that team members within the group adheres to same. Despite the unfortunate breach, we have swiftly adapted by implementing necessary adjustments to fortify our network infrastructure. Regrettably, despite our best efforts, some of the encrypted data proved to be unrecoverable. However, thanks to our proactive response and contingency planning, we were able to resume operations within the desired timeframe that existed in our Business Contingency Plans. This incident underscores the importance of continuous vigilance and adaptation in the face of evolving cybersecurity threats, having an active Business and Technology Contingency Plan, training of team on how to respond during crisis and wider staff appreciation of these risks.

Moving forward, we remain steadfast in our commitment to staying abreast of emerging security trends and promptly pivoting our strategies to mitigate potential risks. Our dedication to safeguarding our organization's assets and ensuring the continuity of our operations remains unwavering to the hallmark of success. We will continue with our various audits and full activation of the plan of action as required. While the ransomware breach was a challenging setback, it has also served as a catalyst for strengthening our security posture and resilience.

We appreciate the ongoing support and trust of our directors, external support partners and team members as we navigate through these challenges and emerge stronger than before.

Currency Risk – The Derrimon Group is exposed to foreign exchange (FX) risk due to fluctuations in the exchange rate on transactions and balances that are denominated in currencies other than the JMD. While the company does not directly hedge with derivatives, it manages currency risk through arrangements with producers and suppliers which includes buffers in the pricing mechanism. The rising export portfolio and management fees from our New York operations also provides the company with FX to manage the potential volatility at different intervals. The treasury team is also engaged across all subsidiaries to discuss future FX needs and possible renegotiations of terms in certain deals. Currency risk can also be managed by refinancing.

Credit Risk – The Derrimon Group is exposed to credit risk where its customers, clients or counterparties fail to discharge their financial obligation to the company which mainly manifests itself in the form of receivables. During this financial year, the decision was taken to write off significant levels of debt which were not in compliance with the IFRS across the Group. This had a major negative impact on Group and Company levels profitability during the financial year. The changes made to strengthening of credit risk policy, personnel and strategies as well as increase levels of policing at company and group levels will ensure that future levels of these activities are minimized. Loans denominated in a foreign currency are reflected as JMD to address any fluctuations in the FX rate.

Commodity and Supply Chain Risk – The Group is impacted by delays experienced by our suppliers and fluctuations in commodity prices for raw materials used in different operations. The Group imports key inputs and other inventory items used in its operations from many geographies, but mainly from the Caribbean relating to items sold by different businesses. Supply chain disruptions impacted the timing of the supplies of products during the latter part of financial year 2022 into 2023 which resulted in many shipments arriving at the same time. This created many logistics issues as well as increased levels of demurrages totalling J$170 million during the first quarter of 2023. These cost negatively impacted our profitability in 2023. While the Group can enter relevant arrangements with suppliers and build up on inventory, it cannot control geopolitical events or government actions which can disrupt the ability of a supplier to send goods to the final destination. This also extends to commodities such as lumber where the key supply comes from a select set of countries and prices can increase rapidly due to greater demand than supply. Given these issues, various logistics and purchasing strategies have been implemented to alleviate these potential future problems.

Interest Rate Risk – Interest rate risk relates to the value of a financial instrument's value or future payments changing due to market adjustments. The Group has invested into higher yielding instruments during the high interest rate environment and takes fixed rate liabilities where applicable. The company's debt to equity ratio increased from 0.85 to 0.95 while debt to total assets moved from 0.35 to 0.39. While the company has sufficient capital to cover its interest expense, the company was not immune from adjustment in interest rates from some of our lenders during this reporting period. Debt stock was repriced by almost 3%. Although there is no expectation that interest rates would increase at a faster pace by lenders, the rise in interest expense impacts the profit growth of the company. The Board carefully monitors the company and Group's capital management strategies which also extends to external borrowings.

Apart from CFF maintaining its Safe Quality Food Certification, the various companies in the Group employ the highest standards for safety and maintain relevant protocols established by bodies such as the Ministry of Health and Wellness and other quality assurance bodies. In addition to the various reviews being done by the management team, the oversight provided by the internal and external audit teams serve to focus the Audit Committee in ensuring that our corporate governance objectives for effectively managing risks are met.

Amidst the recent revelations of general fraud in the various business sectors of the country, the Derrimon Group would like to assure investors and stakeholders that dishonesty and acts of deception are not tolerated by any employee, director or third parties. The company limits physical cash activity, has relevant stock taking exercises and has controls in place for disbursement of payments which is verified with the receiving party. External auditors are given the opportunity to examine the Group from top to bottom without any obstruction and have access to key management members at request. The Group also employs internal controls, administrative system and relevant inventory checks which includes CFO oversight to monitor key developments and has a clear plan of action if any such situation should be detected.

Derrimon maintains a focus on transparency and good governance in its operations. Shareholders and members of the public can view the group's financials and company's financials every quarter on a timely basis which allows for anyone to make a fair assessment of the state of affairs of the business.

To ensure shareholder benefits and business continuity, in the event of catastrophic occurrences, we have implemented robust internal measures to increase the security of our assets as well as the safeguarding of proprietary trade secrets, client relationships and proprietary data. The company will continue to manage its risks to protect its employees, assets and the interests of all its stakeholders.

Executive Management

LEFT-RIGHT: **Ian Kelly** Group CFO | **Monique Cotterell** Group Human Resources Director & Company Secretary | **Derrick Cotterell** Group Chairman & CEO

Business Unit Leaders

Stewart Jacobs
Arosa Limited

John Paik
FoodSaver NY & Good Food for Less

Peter Douglas
Woodcats International

Janice Lee
Caribbean Flavours & Fragrances Limited

Oral Richards
Head of Retail & Purchasing

Sheldon Simpson
Derrimon Trading Company

NOT PICTURED

David Lee
Spicy Hill Farm

Derrimon Trading Management Team

SEATED LEFT TO RIGHT: **Warren Cornwall** Commercial Manager | **Ricardo Skyers** Sales Manager
STANDING LEFT TO RIGHT: **Desrine Reid** Customer Service Manager | **Carol Wilson** Credit Manager
Celia Malcolm-Sloley Manager-Chilled Beverages | **Amaya Miller** Loss Prevention and Safety

LEFT TO RIGHT: **Sheree Gordon** Office Manager, Executive Assistant to the Chairman and CFO
Rockey Allen Security & Facilities Manager | **Verona Howell** Group Management Accountant
Jermaine Thomas Chief Information Officer | **Kim Lee** Chief Marketing Officer
Otema Thompson Group Financial Manager

Retail Operations (Sampars & Select)

STANDING LEFT TO RIGHT: **Shaun Battick** Inventory Manager | **Gavin Smith** Divisional Manager - Retail
Romaine Dawson Divisional Manager - Wholesale
SEATED: **Semoy Cole** Category Management

Store Management

STANDING LEFT TO RIGHT: **Patricia Tyndale** Select Grocers Manor Park | **Jean Alvaranga** Sampars Cross Roads
Kebra Dawson Sampars Boulevard
SITTING LEFT TO RIGHT: **Lisa Moncrieffe** Sampars Old Harbour | **Jillian Wright** Select May Pen
NOT PICTURED: **Marvette Dixon** Marcus Garvey Drive | **Carlos Duhaney** Sampars West Street

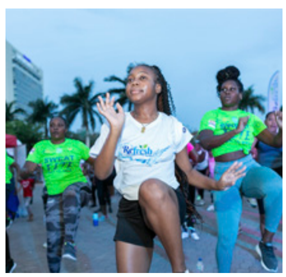
FoodSavers NY & Good Food for Less

LEFT TO RIGHT: **Neil Veira** Manager – Fish Department | **Tashika Savage** Front End Supervisor
Mojisola Botton Front End Supervisor | **Simone McFarlane** Account's Clerk
Chelsi Cotterell Wholesale Operations Manager | **Enrique Calderon** Front End Manager
Maria Hinds Admin | **Olamide Ayeni Thomas** Front End Supervisor
Alona Sampson Dover Front End Supervisor | **Owen O'Sullivan** Operations Manager.

Corporate Social Responsibility

At Derrimon, we believe that a business is inextricably linked to society. Therefore, it is paramount that our company invest in the well-being and development of not only our immediate operating community but also to the general society of our country.

We strive to achieve this by supporting activities surrounding youth development & education, community development, nation building, welfare projects and activities promoting a healthy lifestyle.

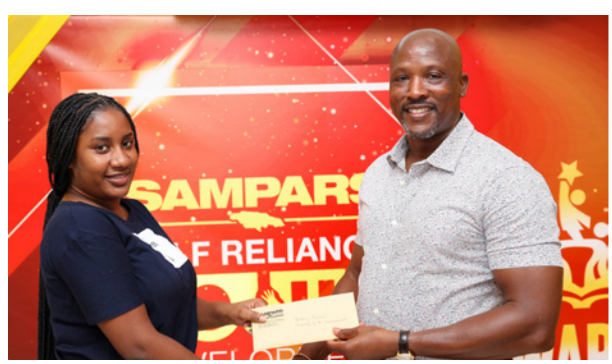


The Group maintains its longstanding dedication towards youth development and education in several areas but this is mainly channeled through our Self Reliance Youth Development Program. This initiative provides financial assistance to students in our immediate surrounding communities where we operate. All levels of education are covered: tertiary, secondary, and primary. Under this program monthly group discussions with the parents of the students are also conducted to explore and find solutions for common parental issues. Derrimon also maintains an internship program where we se-lect young graduates from tertiary institutions and place them within a subsidiary of our Group. This aids in their professional development and also provides the opportunity for full time employment after evaluation at the end of the internship.

We assist in community development and nation building by supporting initiatives undertaken by philanthropic entities who seek sponsorship. Our staff also design their own programs; for example, conceptualizing community projects for labour day activities. These meaningful interactions help to foster a spirit of altruism which is highly encouraged throughout our organization

Through our retail arm, Sampars, we continue to partner with members of the private sector and government representatives to dispatch care packages. These packages mainly consist of food and household items which assist the elderly and indigent across the country.

We remain committed to providing our time, talents and resources towards supporting programs and activities that will positively impact our country and improve the overall quality of life within our society.



Financials

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INDEPENDENT AUDITORS' REPORT

To the Members of
Derrimon Trading Company Limited

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

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of Derrimon Trading Company Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2023, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of the Jamaican Companies Act.

What we have audited

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

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2023;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited

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

Basis for opinion

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

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

Independence

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

Our audit approach

Audit scope

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

How we tailored our Group audit scope

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

Our 2023 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year.

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

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

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Accounting for Business combinations-intangible assets (Group) *Refer to notes 2(b) and 7 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.* The total carrying value of goodwill as at 31 December 2023, is $1.43 billion (2022: $1.43 billion), representing 8.6% (2022: 9.3%) of the Group's total assets. In accordance with ISA 36, "Impairment of Assets" management performed an annual impairment assessment to determine whether the carrying value exceeded the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated and is therefore impaired at the reporting date. Goodwill relating to the recoverable amount of a CGU is calculated as the higher of the value in use and the fair value less the costs of disposal. Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined that there are no impairments as at 31 December 2023. We focused on this area as the annual impairment assessment requires management's judgement and estimation, particularly in relation to the estimation of future cash flows from the businesses, taking into consideration the key assumption being the revenue growth, capital expenditure and discount rate in the Group's impairment model.	Our approach to addressing this matter, with the assistance of our valuation expert, we performed the following procedures, amongst others, overall management's goodwill impairment assessment as follows: ❖ Evaluated management's future cash flow forecasts, and the process by which they were prepared, including testing the underlying calculations and comparing them to the latest financial forecast. ❖ Compared previous forecasts to actual results to assess the performance of the business and the accuracy of forecasting. Challenged management's key assumptions for revenue growth and discount rate. In order to do this, we: ❖ Evaluated these assumptions with reference to valuations of similar companies. ❖ Compared the key assumptions to externally derived data where possible, including market expectations of investment returns and projected economic growth. ❖ Evaluated the revenue growth and discount rate used in management's cash flow projections. The results of our procedures indicated that management's determination that goodwill was not impaired at the reporting date was not unreasonable.

INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of
Derrimon Trading Company Limited

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

Key audit matters	How our audit addressed the key audit matters
Borrowings Refer to notes 2(p), 20, 22 and 23 to the financial statements for management's disclosures of related accounting policies, judgments and estimates relating to borrowings. As at 31 December 2023, long and short-term borrowings, long term, lease liabilities and bank overdrafts represented \$7.05 billion (2022 - \$5.55 billion) or 52% (2022 – 48%) of the total equity and debts of the Group. The Group continues to be highly leveraged.	The Parent Company remains highly leveraged as management continues to strategically use debt financing as the principal pillar to implement structured growth projects within the Group. During the year, management implemented strategies to improve its gross margins, thereby improving its cash flows and its ability to meet its financial obligations as they fall due. The Parent Company continues to examine its financing options within the context of its debt management strategy and review its choices based on the present improving market conditions as well as it's risk profile. Our audit procedures included: - • Reviewed the loan agreements and repayment schedules. We noted that all the loans were being serviced on a timely basis as per the contractual agreements, principally by predetermined monthly deductions from the Company's various bank accounts. • Confirmed the balances, reviewed the maturity schedule for repayment, tested the interest calculations and determined that the total borrowings represented obligations by the Company and the Group. • Tested the effectiveness of controls over the timely repayment of loans and other credit facilities and noted that they are compliant with the various agreements. We had robust discussions with senior management regarding the growth and expansion strategy using debt as the principal means of growth and expansion and the ultimate strategy to reduce debt capital over the long term. A downside to this strategy is the inherent liquidity risk that the cash generating units acquired, may not perform as expected, resulting in the Company and Group being unable to meet its obligations as they fall due. Management is mindful of this inherent liquidity risk. However, management is confident that their strategic growth and expansion plan will continue to perform based on historical performance and anticipated future positive trends, due to the encouraging economic factors being experienced in the marketplace despite the Covid-19 pandemic. Management is of the opinion that adequate safeguards are in place as they have implemented the necessary policies and procedures including scenario analysis, alternative payment strategies in the event of cash flow challenges and direct monitoring of the individual borrowings. We evaluated the performance of the borrowing portfolio subsequent to the end of the reporting period to determine whether there was a need for any adjustment or whether there were any default or breach of any terms of financial covenants. There were no adverse findings. We also reviewed legal and bank confirmations and correspondences, and we did not identify any negative matters or need for adjustment at the time of approval and signing of the audit report by the Board of Directors.

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INDEPENDENT AUDITORS'S REPORT (continued)

To the Members of
Derrimon Trading Company Limited

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

Key audit matters	How our audit addressed the key audit matters
Valuation of trade receivables for the Group and the Company *Refer to notes 2(l), 3(a), 4(i) and 13 to the consolidated and stand-alone financial statements for disclosures of receivables.* The Group recognises expected credit losses (ECL) on financial assets measured at amortized cost. The determination of ECL is highly subjective and requires management to make significant judgements and estimates and the application of forward-looking information. The combination of significant management estimates and judgement increases the risk that management estimates could be materially misstated.	Our audit procedures in response to this matter included: ❖ Obtaining an understanding of the model used by management for the calculation of expected credit losses on accounts receivables. ❖ Testing the completeness and accuracy of the data used in the models to the underlying accounting records. ❖ Involving our financial risk modelling specialist, to review the ECL model, assess the appropriateness of the Company's impairment methodology, management's assumptions and compliance with the new requirements of IFRS 9, Financial Instruments. ❖ Assessing the appropriateness of the Group's impairment methodology, management assumptions and compliance with the requirement of IFRS 9, Financial Instruments. ❖ Assessing the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with IFRS 9. ❖ Testing the accuracy of Group's ageing of accounts receivables. ❖ Testing the accuracy of the ECL calculation.

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited

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

Other information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s or Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Derrimon Trading Company Limited

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

Report on other legal and regulatory requirements

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

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

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

Baker Tilly

Chartered Accountants
Kingston, Jamaica
29 February 2024

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	2023	2022
		$'000	$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,573,329	3,747,102
Investment property	6	630,000	-
Intangible assets	7	1,835,359	1,835,359
Investment securities	9	203,479	233,479
Right-of-use assets	10	2,639,011	2,222,269
Deferred tax assets	11	142,580	51,868
		9,023,758	8,090,077
Current assets			
Inventories	12	5,085,082	4,153,064
Receivables	13	2,039,816	2,176,047
Due from related parties	14	39,879	47,437
Taxation recoverable		46,995	4,486
Cash and short-term deposits	15	411,830	901,884
		7,623,602	7,282,918
TOTAL ASSETS		16,647,360	15,372,995
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	3,863,849	3,863,849
Capital reserves	17	435,701	94,638
Investment reserves	18	614	614
Foreign exchange reserves		(3,805)	3,222
Retained earnings		2,330,661	2,170,327
		6,627,020	6,132,650
Non-controlling interest	19	245,840	241,231
		6,872,860	6,373,881
Non-current liabilities			
Long-term loans	20	2,797,367	2,281,697
Lease liabilities	10	2,829,481	2,278,577
		5,626,848	4,560,274
Current liabilities			
Payables	21	2,588,684	3,153,002
Short-term loans	22	321,200	296,200
Due to related parties	14	-	131,788
Current portion of long-term loans	20	328,172	326,105
Current portion of lease liabilities	10	236,822	228,691
Taxation payable		130,344	162,863
Bank overdraft	23	542,430	140,191
		4,147,652	4,438,840
TOTAL EQUITY AND LIABILITIES		16,647,360	15,372,995

Approved for issue by the Board of Directors on 29 February 2024 and signed on its behalf by:

_______________ Director
Derrick Cotterell

_______________ Director
Earl Richards

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	Note	2023	2022
		$'000	$'000
Revenue	24	18,743,230	18,420,256
Cost of sales		(14,065,345)	(13,780,755)
Gross profit		4,677,885	4,639,501
Unrealised losses on investments valued at fair value through profit and loss		-	(2,872)
Other operating income	25	381,034	237,368
Operating and administrative expenses	26	(3,322,765)	(2,906,596)
Selling and distribution expenses	26	(787,186)	(689,131)
Impairment allowance on financial assets	3(a)	(194,712)	(88,645)
Operating profit	27	754,256	1,189,625
Finance costs, net	29	(588,067)	(463,579)
Profit before taxation		166,189	726,046
Taxation	30	15,798	(108,417)
Profit after taxation, being total comprehensive income		181,987	617,629
Net profit attributable to:			
Stockholders of the company		160,334	579,979
Non-controlling interest		21,653	37,650
		181,987	617,629
Other comprehensive income:			
Item that will not be reclassified to profit and loss:			
Unrealized fair value gain on property	17	341,063	-
Total comprehensive income		523,050	617,629
Total comprehensive income attributable to:			
Stockholders of the company		501,397	579,979
Non-controlling interest	19	21,653	37,650
		523,050	617,629
Earnings per ordinary stock unit attributable to shareholders of the company	32	$0.035	$0.128

Cosolidated Statement of Changes in Equity

Year ended 31 December 2023

		Equity Attributable to Shareholders of the Company						
	Number of Shares	Share Capital	Foreign Exchange Reserves	Capital Reserves	Investment Reserves	Retained Earnings	Non-controlling Interest	Total Equity
	'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022	4,533,361	3,863,849	1,885	94,638	614	1,590,348	210,833	5,762,167
Dividends paid by subsidiary to non-controlling interest (Note 19)	-	-	-	-	-	-	(7,864)	(7,864)
Foreign exchange reserves	-	-	1,337	-	-	-	612	1,949
Total comprehensive income	-	-	-	-	-	579,979	37,650	617,629
Balance at 31 December 2022	4,533,361	3,863,849	3,222	94,638	614	2,170,327	241,231	6,373,881
Dividends paid by subsidiary to non-controlling interest (Note 19)	-	-	-	-	-	-	(15,727)	(15,727)
Unrealized fair value gain on property (Note 17)	-	-	-	341,063	-	-	-	341,063
Foreign exchange reserves			(7,027)	-	-	-	(1,317)	(8,344)
Total comprehensive income	-	-	-	-	-	160,334	21,653	181,987
Balance at 31 December 2023	4,533,361	3,863,849	(3,805)	435,701	614	2,330,661	245,840	6,872,860

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	2023 $'000	2022 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
Profit before taxation	166,189	726,046
Adjustments for:		
Amortization of right-of-use assets	307,889	261,272
Surplus arising on revaluation of investment properties	(280,000)	-
Depreciation	283,819	271,642
Fair value gains on financial assets	-	2,872
Gain on disposal of plant and equipment	(1,000)	(1,146)
Loss/(gain) on the acquisition of subsidiary	10,495	(82,178)
Interest income	(21,105)	(10,494)
Lease interest expense	230,222	164,049
Interest expense	353,679	321,313
Impairment allowance of financial assets	194,712	88,645
Gain on foreign exchange, net	25,271	(11,289)
	1,270,171	1,730,732
Changes in operating assets and liabilities:		
Increase in receivables	(58,481)	(628,658)
(Decrease)/increase in payables	(564,318)	1,519,895
Decrease in related parties	(124,230)	(210,463)
Increase in inventories	(932,018)	(1,400,346)
Cash (used in)/provided by operating activities	(408,876)	1,011,160
Taxes paid	(149,942)	(82,459)
Interest paid	(353,679)	(321,313)
Lease interest paid	(230,222)	(164,049)
Interest received	21,105	10,494
Net cash (used in)/provided by operating activities	(1,121,614)	453,833
Investing Activities		
Investment securities, net	30,000	60,922
Investment in subsidiaries	(10,495)	(661,853)
Purchase of property, plant and equipment	(120,683)	(725,813)
Purchase of intangible assets	-	(148,000)
Proceeds from disposal of plant and equipment	2,700	3,375
Net cash used in investing activities	(98,478)	(1,471,369)
Financing Activities		
Lease principal payments	(211,770)	(198,696)
Long term loans, net	517,737	860,146
Dividends paid by subsidiary to non-controlling interest	(15,727)	(7,864)
Short term loan received	25,000	-
Net cash provided by financing activities	315,240	653,586
Net decrease in cash and cash equivalents	(904,852)	(363,950)
Effect of exchange losses on cash and cash equivalents	12,559	51,579
Cash and cash equivalents at beginning of year	761,693	1,074,064
CASH AND CASH EQUIVALENTS AT END OF YEAR	(130,600)	761,693
Represented by:		
Cash at bank and in hand	323,314	271,291
Short term deposits	88,516	528,871
Bank overdraft	(542,430)	(140,191)
	(130,600)	761,693

Company Statement of Financial Position

As at 31 December 2023

	Note	2023 $'000	2022 $'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,140,104	2,259,047
Intangible assets	7	181,220	181,220
Investment in subsidiaries and joint venture	8	2,992,169	2,981,674
Investment securities	9	107,729	107,729
Right-of-use assets	10	1,956,773	1,514,893
Deferred tax assets	11	119,255	46,027
		7,497,250	7,090,590
Current assets			
Inventories	12	3,327,009	2,539,829
Receivables	13	1,337,445	1,589,414
Due from related parties	14	1,140,614	1,008,663
Taxation recoverable		40,925	-
Cash and short-term deposits	15	234,513	575,973
		6,080,506	5,713,879
TOTAL ASSETS		13,577,756	12,804,469
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	3,863,849	3,863,849
Capital reserves	17	94,638	94,638
Investment reserves	18	614	614
Retained earnings		1,394,151	1,583,200
		5,353,252	5,542,301
Non-current liabilities			
Long term loans	20	2,777,346	2,250,374
Lease liabilities	10	2,097,795	1,560,872
		4,875,141	3,811,246
Current liabilities			
Payables	21	1,824,048	2,341,951
Short term loans	22	321,200	296,200
Due to related parties	14	225,137	145,372
Current portion of long-term loans	20	319,483	319,292
Current portion of lease liabilities	10	187,933	187,933
Taxation payable		-	57,469
Bank overdraft	23	471,562	102,705
		3,349,363	3,450,922
TOTAL EQUITY AND LIABILITIES		13,577,756	12,804,469

Approved for issue by the Board of Directors on 29 February 2024 and signed on its behalf by:

_________________ Director
Derrick Cotterell

_________________ Director
Earl Richards

Company Statement of Comprehensive Income

Year ended 31 December 2023

	Note	2023	2022
		$'000	**$'000**
Revenue	24	12,851,826	11,528,582
Cost of sales		(10,116,108)	(8,701,494)
Gross profit		2,735,718	2,827,088
Other operating income	25	273,718	219,141
Operating and administrative expenses	26	(1,974,837)	(1,769,835)
Selling and distribution expenses	26	(606,035)	(539,796)
Impairment allowance on financial assets	3(a)	(124,438)	(42,319)
Operating profit	27	304,126	694,279
Finance costs, net	29	(560,912)	(427,648)
(Loss)/profit before taxation		(256,786)	266,631
Taxation	30	67,737	(38,575)
(Loss)/profit after taxation, being total comprehensive (loss)/income		(189,049)	228,056
(Loss)/Earnings per ordinary stock unit attributable to shareholders of the company	32	($0.042)	$0.059

Company Statement of Changes in Equity

Year ended 31 December 2023

	Number of Shares	Share Capital	Capital Reserves	Investment Reserves	Retained Earnings	Total
	000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2022	4,533,631	3,863,849	94,638	614	1,355,144	5,314,245
Total comprehensive income	-	-	-	-	228,056	228,056
Balance at 31 December 2022	4,533,631	3,863,849	94,638	614	1,583,200	5,542,301
Total comprehensive loss	-	-	-	-	(189,049)	(189,049)
Balance at 31 December 2023	4,533,631	3,863,849	94,638	614	1,394,151	5,353,252

Company Statement of Cash Flows

Year ended 31 December 2023

	2023	2022
	$'000	$'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
Operating Activities		
(Loss)/profit before taxation	(256,786)	266,631
Adjustments for:		
Depreciation	227,570	185,247
Amortization of right-of-use assets	196,396	207,908
Interest income	(6,381)	(5,934)
Lease interest expense	174,446	116,993
Loan interest expenses	351,880	305,354
Expected credit loss allowance	124,438	42,319
Losses on foreign exchange, net	40,967	11,235
	852,530	1,129,753
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	127,531	(553,246)
Increase in payables	(478,735)	1,510,969
Increase in due from related parties	(52,186)	(244,010)
Increase in inventories	(787,180)	(1,017,662)
Cash provided by operating activities	(338,040)	825,804
Taxes paid	(103,884)	(28,427)
Lease interest paid	(174,446)	(116,993)
Loan interest paid	(391,048)	(305,354)
Interest received	6,381	5,934
Net cash (used in)/provided by operating activities	(1,001,037)	380,964
Investing Activities		
Purchase of property, plant and equipment	(77,453)	(686,018)
Investment in subsidiary	(10,495)	(659,128)
Purchase of intangible asset	-	(148,000)
Net cash used in investing activities	(87,948)	(1,493,146)
Financing Activities		
Long term loans, net	527,163	870,184
Lease principal payments	(176,929)	(163,309)
Short-term loan received	25,000	-
Net cash provided by financing activities	375,234	706,875
Net decrease in cash and cash equivalents	(713,751)	(405,307)
Foreign exchange effect on cash and cash equivalents	3,434	27,745
Cash and cash equivalents at beginning of year	473,268	850,830
CASH AND CASH EQUIVALENTS AT END OF YEAR	(237,049)	473,268
Represented by:		
Cash at bank and cash in hand	225,616	457,513
Short term deposits	8,897	118,460
Bank overdraft	(471,562)	(102,705)
	(237,049)	473,268

Notes to the Financial Statements

31 December 2023

1. Identification and principal activities

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

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

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

The Company provides management and administration services to Marnock LLC and Marnock Retail LLC. These services include the procurement of goods from suppliers, financial management, Information Technology, Human Resources and other related services. Management fees in respect of these services are charged in the Statement of Comprehensive Income (Note 25).

Notes to the Financial Statements
31 December 2023

1. Identification and principal activities (continued)

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

Entities	Country of incorporation and place of business	Principal Activities	Proportion of ordinary shares held by the Group % 2023	Proportion of ordinary shares held by the Group % 2022
Subsidiaries				
Caribbean Flavours & Fragrances Limited	Jamaica	Manufacture of Flavours and Fragrances	65.02%	65.02%
Woodcats International Limited	Jamaica	Manufacturers of wooden pallets	100%	100%
Marnock Retail LLC	USA	Operation of Supermarket	100%	100%
Marnock LLC	USA	Operation of Wholesale	80%	80%
Arosa Limited	Jamaica	Manufacturers of ham, bacon and sausages	100%	100%
Joint Venture Entity				
Derrpark Grocers Limited	Jamaica	Operation of Supermarket	60%	60%

In April 2022, the Group acquired 100% of the share capital of Arosa Limited, a manufacturer of processed meats.

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies

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

(a) Basis of preparation

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

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

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

Notes to the Financial Statements

31 December 2023

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

The following amendments to standards have been adopted by the Group for the first time which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 January 2023:

Deferred Tax related to assets and liabilities (Amendments to IAS 12 Income Taxes) (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

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

The amendments did not result in any material effect on the company's financial statements.

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

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

Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7) (effective for annual periods beginning on or after 1 January 2024). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Leases on sale and leaseback (Amendments to IFRS 16) (effective for annual periods beginning on or after 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Non-current liabilities with covenants (Amendments to IAS 1) (effective for annual periods beginning on or after 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Lack of Exchangeability Amendments to IAS 21 (effective for annual periods beginning on or after 1 January 2025). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(b) Business combination and goodwill

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

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

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

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

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

Notes to the Financial Statements

31 December 2023

2. Summary of significant accounting policies (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. A subsidiary is an entity controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee, if and only if, the Group has:

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

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

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

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

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(d) Going concern

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

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

(e) Segment reporting

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

The Company has identified the following segments:

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

Wholesale (Trading outlets and supermarkets); and

Other Operations (Manufacturers of flavours and fragrances, processed meats, pallets and by products of wood)

Notes to the Financial Statements

31 December 2023

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment

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

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

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

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

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

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(g) Investment property

Investment properties, comprising principally land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently measured at fair value.

Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in profit or loss.

(h) Financial Instruments

Classification
The Group and Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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

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

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

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(h) Financial Instruments (continued)

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

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

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

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

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

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

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

(k) Inventories
Inventories are stated at the lower of cost and net realizable value, cost being determined on the weighted average cost method. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

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

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

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

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

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

Notes to the Financial Statements

31 December 2023

2. Summary of significant accounting policies (continued)

(o) Dividends

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

(p) Borrowings

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

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

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

Borrowing costs

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

(q) Payables

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(r) Provisions

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

(s) Fair value of financial instruments

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

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

(t) Related party transactions

Related parties:

A party is related to the Group, if:

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

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(u) Revenue recognition

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

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

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

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

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

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

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

(v) Taxation

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

(i) Current taxation

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

(ii) Deferred income taxes

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

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

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

(w) Foreign currency translation

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

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

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

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

Notes to the Financial Statements
31 December 2023

2. Summary of significant accounting policies (continued)

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2023

2. Summary of significant accounting policies (continued)

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

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

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

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

Notes to the Financial Statements
31 December 2023

3. Financial risk management

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

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

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

Audit Committee

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

(a) Credit risk

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

Risk management

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

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

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(a) Credit risk (continued)

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

Security
The Group and the Company do not hold any collateral as security.

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

While cash and cash equivalents, investment securities and due from related parties are also subject to the impairment requirements of IFRS 9, the identified impairment losses were immaterial.

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

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

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the GDP, inflation and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(a) Credit risk (continued)

On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for trade receivables:

The Group

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	4%	6%	15%	23%	10%
Gross carrying amount – trade receivables	725,030	212,537	238,886	313,300	1,489,753
Loss allowance	28,012	12,498	36,821	72,675	150,006

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	2%	5%	10%	14%	6%
Gross carrying amount – trade receivables	673,014	307,721	180,770	366,148	1,527,653
Loss allowance	15,188	15,010	17,458	50,327	97,983

The Company

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	5%	12%	18%	25%	11%
Gross carrying amount – trade receivables	516,437	81,251	174,894	99,243	871,825
Loss allowance	25,822	9,579	31,481	24,810	91,692

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Expected loss rate	3%	7%	11%	17%	9%
Gross carrying amount – trade receivables	403,080	183,520	150,699	276,344	1,013,643
Loss allowance	12,125	11,761	16,617	45,213	85,716

Notes to the Financial Statements

31 December 2023

3. Financial risk management (continued)

(a) Credit risk (continued)

The closing loss allowances for trade receivables as at 31 December 2023 reconcile to the opening loss allowances as follows:

The Group

	Trade receivables 2023 $'000	Trade receivables 2022 $'000
Opening loss allowance at beginning of year	97,983	65,835
Increase in loss allowance recognised in profit or loss during the year	52,023	48,502
Bad debts written-off during the year	-	(16,354)
Closing balance at end of year	150,006	97,983

The Company

	Trade receivables 2023 $'000	Trade receivables 2022 $'000
Opening loss allowance	85,716	59,818
Increase in loss allowance recognised in profit or loss during the year	5,976	42,252
Bad debts written-off during the year	-	(16,354)
Closing balance at end of year	91,692	85,716

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

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(a) Credit risk (continued)

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

As at 31 December 2023 trade receivables had lifetime expected credit losses of $35,126,000 (2022: $2,128,000).

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

The Group

	2023	2022
	$'000	$'000
Impairment losses		
- Movement in loss allowance for trade receivables	52,023	32,148
- Bad debt written off during the year	142,689	56,497
Net impairment losses on financial assets	194,712	88,645

The Company

	2023	2022
	$'000	$'000
Impairment losses		
- Movement in loss allowance for trade receivables	5,976	42,252
- Bad debt written off during the year	118,462	67
Net impairment losses on financial assets	124,438	42,319

Notes to the Financial Statements

31 December 2023

3. Financial risk management (continued)

(a) **Credit risk (continued)**

Exposure to credit risk for trade receivables

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

	The Group		The Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Supermarket chains	76,312	100,886	76,312	100,886
Wholesale and retail distributors	214,563	564,459	130,398	564,459
Government entities	13,401	9,875	13,401	9,875
Manufactures	391,189	292,614	-	-
Other	567,814	231,667	567,814	231,667
	1,263,279	1,199,501	787,925	906,887
Overseas	226,474	328,152	83,900	106,756
Total (Note 13)	1,489,753	1,527,653	871,825	1,013,643

Overseas customers mainly relate to customers in the United States and the United Kingdom and represent approximately 18% (2022: 27%) of the total balance. The currencies of these countries are considered stable and consistently appreciate against the Jamaican dollar, and no risk of any significant loss is anticipated in this category of overseas customers.

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

Notes to the Financial Statements

31 December 2023

3. Financial risk management (continued)

(b) Liquidity risk

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

Liquidity risk management process

The group's liquidity management process includes:

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

Undiscounted cash flows of financial liabilities

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

The Group:

	1 to 3 months	3 to 12 months	1 to 5 Years	Over 5 years	Contractual cashflows	Carrying amount
				2023		
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	119,206	358,166	2,649,687	1,605,329	4,732,388	3,066,303
Long term loans	145,135	431,526	4,156,892	199,848	4,933,401	3,125,539
Payables	2,588,684	-	-	-	2,588,684	2,588,684
Short-term loans	321,200	-	-	-	321,200	321,200
Bank overdraft	542,430	-	-	-	542,430	542,430
	3,716,655	789,692	6,806,579	1,805,177	13,118,103	9,644,156
				2022		
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	101,008	303,000	3,039,491	-	3,443,499	2,507,268
Long term loans	125,842	372,818	2,539,951	-	3,038,611	2,607,802
Payables	3,153,002	-	-	-	3,153,002	3,153,002
Short-term loans	77,594	252,463	-	-	330,057	296,200
Related parties	-	11,325	120,463	-	131,788	131,788
Bank overdraft	140,191	-	-	-	140,191	140,191
	3,597,637	939,606	5,699,905	-	10,237,148	8,836,251

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

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(b) Liquidity risk (continued)

Undiscounted cash flows of financial liabilities (continued)
The maturity profile of the Company's financial liabilities at year end on contractual undiscounted payments was as follows:

The Company:

	1 to 3 months	3 to 12 months	1 to 5 Years	Over 5 years	Contractual cashflows	Carrying amount
				2023		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Lease liabilities	92,386	277,257	1,769,680	1,605,329	3,744,652	2,285,728
Long term loans	142,192	424,046	4,136,004	199,848	4,902,090	3,096,829
Payables	1,824,048	-	-	-	1,824,048	1,824,048
Short-term loans	321,200	-	-	-	321,200	321,200
Related parties	-	225,137	-	-	225,137	225,137
Bank overdraft	471,562	-	-	-	471,562	471,562
	2,851,388	926,440	5,905,684	1,805,177	11,488,689	8,224,504
				2022		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Lease liabilities	73,535	220,604	1,971,873	-	2,266,011	1,748,805
Long term loans	122,498	363,858	2,507,871	-	2,994,227	2,569,666
Payables	2,341,951	-	-	-	2,341,951	2,341,951
Short-term loans	77,594	252,463	-	-	330,057	296,200
Related parties	-	145,372	-	-	145,372	145,372
Bank overdraft	102,705	-	-	-	102,705	102,705
	2,718,283	982,297	4,479,744	-	8,180,324	7,204,699

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

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(c) Market risk

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

(i) Currency risk

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

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

The Statement of Financial Position for the Group as at 31 December 2023 includes net foreign liabilities of US$8,240,000 and €9,000 (2022: US$6,960,000 and €44,000) in respect of such transactions arising in the ordinary course of business.

The Statement of Financial Position for the Company as at 31 December 2023 includes net foreign liabilities of US$1,445,000 (2022: US$1,376,000) in respect of such transactions arising in the ordinary course of business.

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

Notes to the Financial Statements

31 December 2023

3. Financial risk management (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

The Group:

	2023	2023	2022	2022
	$'000	$'000	$'000	$'000
	Effect on Profit and loss and equity			
	Revaluation 1%	Devaluation 4%	Revaluation 1%	Devaluation 4%
Currency:				
USD	12,794	(51,176)	11,392	(45,567)
EURO	4	(17)	5	(20)

The Company:

	2023	2023	2022	2022
	$'000	$'000	$'000	$'000
	Effect on Profit and loss and equity			
	Revaluation 1%	Devaluation 4%	Revaluation 1%	Devaluation 4%
Currency:				
USD	2,273	(9,090)	2,143	(8,574)

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

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

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

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

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

At the reporting date, the group's financial liabilities subject to interest rates aggregated $3,966,112,000 (2022: $3,044,193,000). The Group contracts financial liability at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

Notes to the Financial Statements

31 December 2023

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

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

The Group:

	1 to 3 months	3 to 12 months	1 -5 years	Over 5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2023			
Assets						
Investment securities	-	-	202,417	-	1,062	203,479
Receivables	-	-	-	-	2,039,816	2,039,816
Due from related parties	-	-	-	-	38,879	38,879
Cash and cash equivalents	314,003	-	-	-	97,827	411,830
Total financial assets	314,003	-	202,417	-	2,177,584	2,694,004
Liabilities						
Lease Liabilities	63,428	192,034	1,980,058	830,783	-	3,066,303
Long term loans	80,748	236,346	2,625,723	182,722	-	3,125,539
Short term loans	321,200	-	-	-	-	321,200
Payables	-	-	-	-	2,588,684	2,588,684
Bank overdraft	542,430	-	-	-	-	542,430
Total financial liabilities	1,007,806	428,380	4,605,781	1,013,505	2,588,684	9,644,156
Total interest re-pricing gap	(693,803)	(428,380)	(4,403,364)	(1,013,505)	(411,100)	(6,950,152)

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Group:

	1 to 3 months	3 to 12 months	1 -5 years	Non-interest bearing	Total
	$'000	$'000	$'000	$'000	$'000
			2022		
Assets					
Investment securities	-	-	202,417	31,062	233,479
Receivables	-	153,000	-	2,023,047	2,176,047
Due from related parties	21,119	26,318	-	-	47,437
Cash and short-term deposits	789,702	-	-	112,182	901,884
Total financial assets	810,821	179,318	202,417	2,166,291	3,358,847
Liabilities					
Long-term loans	80,740	236,940	2,290,122	-	2,607,802
Lease liabilities	61,702	185,988	2,259,578	-	2,507,268
Payables	-	-	-	3,153,002	3,153,002
Short-term loans	296,200	-	-	-	296,200
Related parties	-	120,463	-	11,325	131,788
Bank overdraft	140,191	-	-	-	140,191
Total financial liabilities	578,833	543,391	4,549,700	3,164,327	8,836,251
Total interest re-pricing gap	231,988	(364,073)	(4,347,283)	(998,036)	(5,477,404)

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

At the reporting date, the Company's financial liabilities subject to interest rates aggregated $1,563,309,000; (2022: $2,069,170,000). The Company contracts financial liability at a fixed interest rate, hence, changes in the market interest rate will not affect the cash flow nor the carrying amount of the instruments.

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

The Company:

	1 to 3 months	3 to 12 months	1 -5 years	Over 5 years	Non-interest bearing	Total
	$'000	$'000	$'000		$'000	$'000
			2023			
Assets						
Investment securities	-	-	106,667	-	1,062	107,729
Receivables	-	-	-	-	1,337,445	1,337,445
Due from related parties	110,868	-	-	-	1,029,746	1,140,614
Cash and short-term deposits	141,568	-	-	-	92,945	234,513
Total financial assets	252,436	-	106,667	-	2,461,198	2,820,301
Liabilities						
Due to related parties	201,723	-	-	-	23,414	225,137
Lease liabilities	51,643	154,930	1,155,886	923,269	-	2,285,728
Long term loans	78,252	241,231	2,607,143	170,203	-	3,096,829
Short term loans	321,200	-	-	-	-	321,200
Payables	-	-	-	-	1,824,048	1,824,048
Bank overdraft	471,562	-	-	-	-	471,562
Total financial liabilities	1,124,380	396,161	3,763,029	1,093,472	1,847,462	8,224,504
Total interest re-pricing gap	(871,944)	(396,161)	(3,656,362)	(1,093,472)	613,736	(5,404,203)

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Company:

	1 to 3 months $'000	3 to 12 months $'000	1 -5 years $'000	Non-interest bearing $'000	Total $'000
			2022		
Assets					
Investment securities	-	-	106,667	1,062	107,729
Receivables	-	153,000	-	1,436,414	1,589,414
Due from related parties	1,008,663	-	-	-	1,008,663
Cash and short-term deposits	472,123	-	-	103,850	575,973
Total financial assets	1,480,786	153,000	106,667	1,541,326	3,281,779
Liabilities					
Due to related parties	145,372	-	-	-	145,372
Lease liabilities	46,983	140,950	1,560,872	-	1,748,805
Long term loans	78,204	241,087	2,250,375	-	2,569,666
Short term loans	296,200	-	-	-	296,200
Payables	-	-	-	2,341,951	2,341,951
Bank overdraft	102,705	-	-	-	102,705
Total financial liabilities	669,484	382,037	3,811,247	2,341,951	7,204,699
Total interest re-pricing gap	811,322	(229,037)	(3,704,580)	(800,625)	(3,922,920)

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

(iii) Equity price risk

Equity price risk arises from equity securities held by the Company as part of its investment portfolio. Management monitors equity securities in its investment portfolio based on market expectations. The primary goal of the Company's investment strategy is to maximize investments returns.

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Increase +6% (2022: +5%)	63	1,553	63	53
Decrease -3% (2022: -5%)	(31)	(1,553)	(31)	(53)

Notes to the Financial Statements

31 December 2023

3. Financial Risk Management (continued)

(d) Capital management

The Group defines capital as equity and total borrowings. The Group manages its capital of $9 billion to support and be responsive to opportunities for its current growth strategy and expansion plans and to maintain its normal operations and remain compliant with various covenants and restrictive rules and regulations of the industry and the financial environment in which it operates.

Capital Management Strategies

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

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Total borrowings	7,055,472	5,551,461	6,175,319	4,717,376
Equity and total borrowing	13,682,492	11,684,111	11,528,571	10,259,677
Gearing ratio	52%	48%	54%	46%

Notes to the Financial Statements
31 December 2023

3. Financial risk management (continued)

(e) Fair value estimates

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

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

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

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

Notes to the Financial Statements

31 December 2023

4. Critical accounting estimates and judgments in applying accounting policies

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

(i) Impairment of financial assets

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

(ii) Income taxes

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

(iii) Depreciable assets

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

(iv) Recognition and measurement of intangible assets

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

Notes to the Financial Statements
31 December 2023

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

(v) Valuation of financial instruments

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

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

Notes to the Financial Statements

31 December 2023

5. Property, plant and equipment

The Group:

	Land and Buildings	Leasehold Improvements	Machinery, Furniture & Equipment	Motor Vehicles	Computers	Construction Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
1 January 2022	288,329	691,750	615,694	193,394	405,136	605,519	2,799,822
Additions	2,344	17,205	101,377	16,622	28,080	560,185	725,813
Acquisition through	552,495	190,005	185,849	12,839	-	-	941,188
Transfers	-	953,741	211,222	-	741	(1,165,704)	-
Disposal	(3,413)	(218)	(1,200)	(15,877)	-	-	(20,708)
31 December 2022	839,755	1,852,483	1,112,942	206,978	433,957	-	4,446,115
Additions	-	21,379	38,241	2,800	58,263	-	120,683
Revaluation	47,505	289,995	-	-	-	-	337,500
Transfer (Note 6)	(350,000)	-	-	-	-	-	(350,000)
Disposals	-	(997)	(14,404)	(3,400)	(666)	-	(19,467)
31 December 2023	537,260	2,162,860	1,136,779	206,378	491,554	-	4,534,831
Depreciation -							
1 January 2022	15,696	45,971	262,899	78,613	42,671	-	445,850
Charge for the year	6,502	25,483	78,949	31,001	129,707	-	271,642
Relieved on disposal	(3,413)	-	(885)	(14,181)	-	-	(18,479)
31 December 2022	18,785	71,454	340,963	95,433	172,378	-	699,013
Revaluation	-	(3,563)	-	-	-	-	(3,563)
Charge for the year	6,369	44,929	106,547	27,207	98,767	-	283,819
Relieved on disposals	-	(1,355)	(12,469)	(2,808)	(1,135)	-	(17,767)
31 December 2023	25,154	111,465	435,041	119,832	270,010	-	961,502
Net book value -							
31 December 2023	512,106	2,051,395	701,738	86,546	221,544	-	3,573,329
31 December 2022	820,970	1,781,029	771,979	111,545	261,579	-	3,747,102

Notes to the Financial Statements
31 December 2023

5. Property, plant and equipment

The Company:

	Land and Buildings	Leasehold Improvements	Machinery, Furniture & Equipment	Motor Vehicles	Computers	Construction Work-in-Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost -							
1 January 2022	284,916	325,774	356,334	100,193	388,149	605,519	2,060,885
Additions	2,344	2,138	88,316	6,100	26,935	560,185	686,018
Disposal	-	953,741	211,222	-	741	(1,165,704)	-
31December 2022	287,260	1,281,653	655,872	106,293	415,825	-	2,746,903
Additions	-	7,400	18,181	2,800	49,072	-	77,453
31 December 2023	287,260	1,289,053	674,053	109,093	464,897	-	2,824,356
Depreciation -							
1 January 2022	13,490	16,432	198,042	39,701	34,944	-	302,609
Charge for the year	6,502	7,783	30,072	13,612	127,278	-	185,247
31 December 2022	19,992	24,215	228,114	53,313	162,222	-	487,856
Charge for the year	6,369	31,621	53,192	11,156	94,058		196,396
31 December 2023	26,361	55,836	281,306	64,469	256,280		684,252
Net book value -							
31 December 2023	260,899	1,233,217	392,747	44,624	208,617		2,140,104
31 December 2022	267,268	1,257,438	427,758	52,980	253,603	-	2,259,047

On December 20, 2023, land and building were revalued by V.B. Williams Realty Company Limited, Chartered Surveyors and valuators resulting in a surplus of $341,063,000 for the Group. The surplus arising on the valuation was credited to capital reserves. (Note 17)

Notes to the Financial Statements
31 December 2023

6. Investment property

		Group	
		2023	2022
		$'000	$'000
Balance at the beginning of the year		-	-
Transfer from property, plant and equipment (Note 5)	(a)	350,000	-
Fair value gain on investment property (Note 25)	(b)	280,000	-
Balance at end of the year		630,000	-

(a) In April 2022, certain properties which were acquired by the Group and included under property, plant and equipment. During the year, these properties which forms part of land of Drax Hall, St. Ann, Volume 1456 Folio 248, vacant lots representing 12 ¾ acres were transferred to investment property. These properties are held for investment potential and capital appreciation.

(b) On December 20, 2023, properties were revalued by V.B. Williams Realty Company Limited, Chartered Surveyors and valuators resulting in a fair value surplus of $280,000,000 for the Group. The surplus arising on the valuation was credited to the Statement of Comprehensive Income.

An entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, the definition of investment property and there is evidence of the change in use. Management has commenced the process of selling/developing the property.

Changes in fair values are recognised as gains in profit or loss and included in 'other income'.
All gains are unrealised.

The fair value measurement for investment properties of $630,000,000 (2022: $Nil) for the Group and $Nil (2022: $Nil) for the company have been categorised as Level 3 in the fair value hierarchy. The following table shows the valuation techniques used in measuring fair value as well as the significant unobservable inputs used.

One of the Group's investment properties was sold subsequent to the year end and is stated in the financial statements at its net realisable value.

Notes to the Financial Statements
31 December 2023

6. Investment property (continued)

Valuation techniques	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market based approach The approach is based on the principle of substitution whereby the purchaser with perfect knowledge of the property market pays no more for the subject property than the cost of acquiring an existing comparable property, assuming no cost delay in making the substitution. The approach requires comparison of the subject property with others of similar design and utility, inter alia, which were sold in the recent past. However, as no two properties are exactly alike, adjustment is made for the difference between the property subject to valuation and comparable properties.	• Details of the sales of comparable properties. • Conditions influencing the sale of the comparable properties. • Comparability adjustment.	The estimated fair value would increase/(decrease) if: • Sale value of comparable properties were higher/(lower). • Comparability adjustment were higher/(lower).

Notes to the Financial Statements
31 December 2023

7. Intangible assets

	Group			Company		
	Goodwill	Brand	Total	Goodwill	Brand	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost -						
31 December 2021 as previously stated	1,391,680	256,523	1,648,203	33,220	-	33,220
Effect of restatement	39,156	-	39,156	-	-	-
1 January 2022 restated	1,430,836	256,523	1,687,359	33,220	-	33,220
Brand acquisition	-	148,000	148,000	-	148,000	148,000
31 December 2022	1,430,836	404,523	1,835,359	33,220	148,000	181,220
31 December 2023	1,430,836	404,523	1,835,359	33,220	148,000	181,220

During 2022, the Company acquired all the existing and developing brands of Spicy Hill Farms Limited for a sum of $148 million. The brands include ram goat soup "Manish Water".

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

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

During 2021, goodwill of $917,021,000 is allocated to Marnock LLC, and $331,696,000 to Marnock Retail LLC. Marnock LLC is in the wholesale segment, while Marnock Retail LLC is in the retail segment.

The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate the carrying value maybe impaired.

Notes to the Financial Statements
31 December 2023

7. Intangible assets (continued)

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

	Revenue growth rate	EBITDA to revenue	Capital expenditure to revenue	Discount rate
Marnock LLC	5%	11%	0.3%	7.25%
Marnock Retail LLC	5%	11%	0.3%	7.25%
Arosa Limited	2%	19%	2%	7.9%

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

Notes to the Financial Statements

31 December 2023

7. Intangible assets (continued)

Goodwill

During 2022, the Company acquired a subsidiary and voting shares as follows:

Date of Acquisition	Subsidiary	Principal Activities	Proportion of issued share capital held by company
April 2022	Arosa Limited	Manufacturing of processed sausage, ham and bacon	100%

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

	Total
	$'000
Non-current assets	
Plant and equipment	941,188
	941,188
Current assets	
Inventories	72,142
Receivables	50,341
Cash at bank and in hand	1,968
	124,451
Current liabilities	
Payables	200,040
Due to related party	102,991
Taxation payable	16,609
Bank overdraft	4,693
	324,333
Fair value of net assets	741,306

Notes to the Financial Statements
31 December 2023

7. Intangible assets (continued)

Goodwill (continued)

	Arosa Limited	
	2023	**2022**
	$'000	**$'000**
Goodwill at acquisition:		
Purchase consideration	10,495	659,128
Less: Fair value of net assets acquired	-	(741,306)
Net bargain price (Note 25)	10,495	(82,178)

Cash flow on acquisition

	2023	2022
	$'000	$'000
Total consideration	10,495	659,128
Less: cash, net transferred from subsidiary on acquisition –		
Cash at bank	-	(1,968)
Bank overdraft	-	4,693
Acquisition of subsidiary, net of cash acquired	10,495	661,853

Impairment tests for goodwill

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

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

Notes to the Financial Statements
31 December 2023

8. Investment in subsidiaries and joint venture

Investment in Subsidiaries and Joint Venture	The Company 2023 $'000	The Company 2022 $'000
Caribbean Flavours & Fragrances Limited	438,722	438,722
Woodcats International Limited	355,000	355,000
Derrpark Grocers Limited	148,819	148,819
Marnock LLC	1,009,451	1,009,451
Marnock Retail LLC	370,554	370,554
Arosa Limited	669,623	659,128
Balance at the end of the year	2,992,169	2,981,674

Select Grocers: Summarized financial information as at 31 December 2023

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

	2023 $'000	2022 $'000
Current assets	329,026	301,861
Cash and cash equivalents included in current assets	14,129	26,817
Non-current assets	419,384	466,141
Current liabilities	157,949	147,206
Current financial liabilities, excluding trade and other payables and provisions, included in current liabilities	70,963	50,545
Non-current liabilities	301,323	327,556
Revenue	774,470	731,506
Depreciation and amortization	45,531	51,899
Interest expense (including lease expense)	(17,167)	(18,576)
Profit or loss from continuing operations	43,888	53,615
Post-tax profit or loss from continuing operations	43,888	53,615
Total comprehensive income	43,888	53,615

Notes to the Financial Statements
31 December 2023

9. Investment securities

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Investments at Amortised Cost				
Bonds	95,750	95,750	-	-
Preference shares	106,667	106,667	106,667	106,667
	202,417	202,417	106,667	106,667
Investments at Fair Value through Profit and Loss (FVTPL)				
Quoted shares	1,062	31,062	1,062	1,062
	1,062	31,062	1,062	1,062
	203,479	233,479	107,729	107,729

Notes to the Financial Statements
31 December 2023

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

(i) Amounts recognized in the Statement of Financial Position

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Balance as at beginning of year	2,222,269	1,791,254	1,514,893	1,061,383
Additions	669,450	-	669,450	-
Remeasurement based on variable lease	55,181	692,287	-	661,418
Amortisation	(307,889)	(261,272)	(227,570)	(207,908)
Balance as at end of year	2,639,011	2,222,269	1,956,773	1,514,893

Lease liabilities

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Balance as at beginning of year	2,507,268	1,975,335	1,748,805	1,211,716
Additions	669,450	-	669,450	-
Remeasurement based on variable lease	55,181	692,287	-	661,417
Interest expense	230,222	164,049	174,446	116,993
Payments	(441,992)	(362,745)	(351,375)	(280,302)
Effect of foreign exchange	46,174	38,342	44,402	38,981
Balance as at end of year	3,066,303	2,507,268	2,285,728	1,748,805

Comprises:

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current	2,829,481	2,278,577	2,097,795	1,560,872
Current	236,822	228,691	187,933	187,933
Balance as at end of year	3,066,303	2,507,268	2,285,728	1,748,805

Notes to the Financial Statements
31 December 2023

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

(ii) Amounts recognized in the Statement of Comprehensive Income

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

	The Group 2023	The Group 2022
	$'000	$'000
Amortization of right-of-use assets (included in administrative expenses)	307,889	261,272
Interest expense (included in finance costs)	230,222	164,049
Effect of foreign exchange (included in finance costs)	46,174	38,342

	The Company 2023	The Company 2022
	$'000	$'000
Amortization of right-of-use assets (included in administrative expenses)	227,570	207,908
Interest expense (included in finance costs)	174,446	116,993
Effect of foreign exchange(included in finance costs)	44,401	38,981

(iii) Amounts recognized in the Statement of Cash Flows

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
	$'000	$'000	$'000	$'000
Total cash outflows for leases	441,992	362,745	351,375	280,302

Notes to the Financial Statements

31 December 2023

11. Deferred tax assets/(liabilities)

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

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax assets	142,580	51,868	119,255	46,027

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Net (liabilities)/assets at the beginning of year	51,868	(5,090)	46,027	(2,369)
Deferred tax credited to profit and loss (Note 30)	90,712	56,958	73,228	48,396
Net assets at the end of year	142,580	51,868	119,255	46,027

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax assets/(liabilities):				
Property, plant and equipment	(38,114)	(21,885)	(41,447)	(22,243)
Interest receivable	(514)	-	-	-
Right-of-use assets, net of lease obligations	90,768	66,330	82,239	58,478
Interest payable	16,271	10,045	16,271	9,792
Expected credit loss allowance	14,665	-	14,665	-
Unrealised foreign exchange gains	232	(2,622)	-	-
Tax losses	59,272	-	47,527	-
Net deferred tax assets at end of year	142,580	51,868	119,255	46,027

Notes to the Financial Statements
31 December 2023

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

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered:				
- after more than 12 months	142,580	51,868	119,255	46,027
	142,580	51,868	119,255	46,027

12. Inventories

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Sampars wholesale outlets and Select Grocers; grocery and household items	1,910,709	1,472,288	1,469,566	1,161,702
Goods in transit	1,035,367	640,369	950,696	600,758
Wholesale bulk commodity food items	1,893,897	1,747,291	906,747	777,369
Subsidiaries: flavours and fragrances, processed meats and pallet inventories	245,109	293,116	-	-
	5,085,082	4,153,064	3,327,009	2,539,829

For year ended 31 December 2023, inventories valuing $46,522,309 (2022: $7,224,000) were written off to the statements of comprehensive income for the Group and $40,818,878 (2022: $5,112,000) for the Company.

13. Receivables

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade	1,489,753	1,527,653	871,825	1,013,643
Less: Expected credit loss provision	(150,006)	(97,983)	(91,692)	(85,716)
	1,339,747	1,429,670	780,133	927,927
Other receivables	700,069	746,377	557,312	661,487
	2,039,816	2,176,047	1,337,445	1,589,414

Notes to the Financial Statements

31 December 2023

14. Due from/(to) related parties

		The Group		The Company	
		2023	2022	2023	2022
		$'000	$'000	$'000	$'000
Due from Marnock LLC	(a)	-	-	562,249	601,405
Loans to Marnock LLC		-	-	110,868	-
Due from Marnock Retail LLC	(a)	-	-	233,910	139,198
Due from Woodcats International Limited	(a)	-	-	-	52,509
Due from Arosa Limited	(a)	-	-	205,701	177,926
Due from other related parties	(a)	39,879	47,437	27,886	37,625
		39,879	47,437	1,140,614	1,008,663
Due to Derrpark Grocers Limited	(a)	-	-	-	(8,972)
Due to Caribbean Flavours and Fragrances Limited	(a)	-	-	(23,414)	(15,937)
Due to Caribbean Flavours and Fragrances Limited	(c)	-		(173,593)	-
Due to Woodcats International Limited	(d)	-	-	(28,130)	-
Due to other related parties	(e)	-	(11,325)	-	-
Shareholder's loan	(f)	-	(120,463)	-	(120,463)
		-	(131,788)	(225,137)	(145,372)
		39,879	(84,351)	915,477	863,291

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

(b) This represents a loan issued to Marnock LLC, a subsidiary, which attracts interest rate of 3% per annum and has no fixed repayment terms.

(c) These represent loans issued to the Company, which attract interest rates ranging from 4% to 5% and has no fixed repayment terms.

(d) This loan from Woodcats International Limited, a subsidiary, attracts interest of 30% per annum and has no fixed repayment term.

(e) This balance represents amounts advanced by related parties. These balances are unsecured, interest fee and has no fixed repayment terms.

(f) This represents shareholder's loan issued to the Company, which attracts interest at 3.5% per annum paid monthly and matures on 30 September 2024.

Notes to the Financial Statements

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15. Cash and short-term deposits

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cash at bank and in hand				
Cash at bank	289,341	590,871	212,605	447,183
Cash in hand	33,973	39,722	13,011	10,330
	323,314	630,593	225,616	457,513
Short term deposits				
Scotia Investment Jamaica Limited	5,399	25,109	-	-
NCB Capital Markets Limited	45,131	60,357	2,049	1,969
Barita Investments Limited	-	108,523	-	108,523
Jamaica Money Market Brokers Limited	37,986	77,302	6,848	7,968
	88,516	271,291	8,897	118,460
	411,830	901,884	234,513	575,973

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the Company's savings and operating account ranges from 0% to 0.40%.

Short term deposits are held at licensed financial institutions and attract interest ranging from 1.05% to 8.15% per annum. They all have remaining maturities of less than one year, substantially comprise Reverse Repurchase Agreements on Certificates of Participation, consisting of interest in, or is collaterised by mainly Government of Jamaica and Bank of Jamaica Securities. These agreements may result in credit exposure in the event that the counterparty to the transaction is unable to fulfill its contractual obligations. The risk is managed primarily by reviews of the financial status of the counterparty.

Notes to the Financial Statements
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16. Share capital

	2023 No. of shares	2022 No. of shares
Authorised-		
Ordinary share of no par value	7,675,400,000	7,675,400,000
	$'000	**$'000**
Issued and fully paid:		
4,533,360,670 (2022: 4,533,360,670) Ordinary stock unit of no par value	3,863,849	3,863,849

17. Capital reserves

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Balance at the beginning of the year	94,638	94,638	94,638	94,638
Revaluation gain on property, plant and equipment (Note 5)	341,063	-	-	-
Balance at the end of the year	435,701	94,638	94,638	94,638

18. Investment reserves

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Balance at the beginning and end of the year	614	614	614	614

19. Non-controlling interests

	The Group	
	2023	2022
	$'000	$'0000
Balance at beginning of the year	241,231	210,833
Share of profit for the year	21,653	37,650
Dividends paid by subsidiary	(15,727)	(7,864)
Other movement during the year	(1,317)	612
Balance at end of the year	245,840	241,231

Notes to the Financial Statements

31 December 2023

20. Long term loans

		The Group		The Company	
		2023	2022	2023	2022
		$'000	$'000	$'000	$'000
JMMB Bank (Jamaica) Limited	(a)	78,546	93,714	78,546	93,714
JMMB Bank (Jamaica) Limited	(b)	108,772	146,730	108,772	146,730
JMMB Bank (Jamaica) Limited	(c)	263,477	298,741	263,477	298,741
Sagicor Bank Jamaica Limited	(d)	159,727	166,662	159,727	166,662
Sagicor Bank Jamaica Limited	(e)	50,310	64,363	50,310	64,363
Sagicor Bank Jamaica Limited	(f)	13,877	15,755	13,877	15,755
Sagicor Bank Jamaica Limited	(g)	229,070	261,199	229,070	261,199
Sagicor Bank Jamaica Limited	(h)	232,924	300,000	232,924	300,000
Cornerstone Trust & Merchant Bank Limited	(i)	24,209	31,406	24,209	31,406
JN Bank Limited	(j)	1,610	2,776	1,610	2,776
JN Bank Limited	(k)	1,430	2,248	1,430	2,248
JN Bank Limited	(l)	2,321	3,470	2,321	3,470
Barita Investments Limited	(m)	500,000	500,000	500,000	500,000
Barita Investments Limited	(n)	430,556	486,111	430,556	486,111
Barita Investments Limited	(o)	-	196,491	-	196,491
Barita Investments Limited	(p)	1,000,000	-	1,000,000	-
First Global Bank Limited	(q)	13,458	17,610	-	-
Bank of America LLC	(r)	7,657	9,161	-	-
Capital One LLC	(s)	3,578	4,658	-	-
Bank of Nova Scotia Jamaica Limited	(t)	3,577	4,538	-	-
Bank of Nova Scotia Jamaica Limited	(u)	-	409	-	-
Bank of Nova Scotia Jamaica Limited	(v)	440	1,760	-	-
		3,125,539	2,607,802	3,096,829	2,569,666
Less: Current portion		(328,172)	(326,105)	(319,483)	(319,292)
		2,797,367	2,281,697	2,777,346	2,250,374

(a) This term loan facility, which was received in September 2020, attracts interest at 8.25% per annum and is repayable over 84 equal monthly installments.

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

Notes to the Financial Statements

31 December 2023

20. Long term loans (continued)

(c) This loan facility of $300M, which was received in May 2022, attracts interest at 10% per annum and is repayable over 84 equal monthly instalments of $5,245,852.57. The facility was used to fund the acquisition of Arosa Limited

(d) This term loan facility, which was received in July 2018, attracts interest at 7.25% per annum and is repayable over 96 equal monthly instalments.

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

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

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

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

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

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

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

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

Notes to the Financial Statements
31 December 2023

20. Long term loans (continued)

(m) This loan, which is an unsecured fixed rate Bond Placement Facility was received in October 2020, attracts interest at 8% per annum. Interest is paid quarterly, and principal is due upon maturity on October 1, 2025.

(n) This loan was received in March 2022, attracts interest at 9.50% per annum and is repayable over 20 monthly instalments.

(o) This loan was received in May 2022, attracted interest at 10.5% per annum. Interest and principal was payable quarterly over 60 months. The loan was repaid during the year.

(p) This fixed to floating rate senior secured Bond facility was received in October 2023, attracts interest at fixed at 12.5% for the first 24 months, variable thereafter at the providing Government of Jamaica 6 months (7.97% as at May 2023) +453bps and subjected to a minimum coupon rate of 10.75% per annum. The loan was used to refinance debt facilities and provide working capital support for the Group.

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

(r) The original loan of US$72,000, was received in December 2021, attracts interest at 6.58% per annum and is repayable over 72 equal monthly instalments of US$1,222.89. This loan is secured against a lien on a motor vehicle.

(s) The original loan of US$44,588.23, was received in November 2020, attracted interest at 5.71% per annum and was repayable over 72 equal monthly instalments of US$732.87. This loan was repaid during the year.

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

(u) This loan, which is unsecured was received in April 2019, attracted interest rate of 9% per annum. The loan was repaid during the year.

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

Notes to the Financial Statements
31 December 2023

20. Long term Loans (continued)

Loans (d)-(h) were substantially secured by the following: -

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

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

Loans (i) and (j) are substantially secured by the following: -

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

Notes to the Financial Statements
31 December 2023

21. Payables

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Local payables and accruals	1,704,426	2,037,455	1,467,999	1,882,444
Foreign payables	621,148	755,490	143,775	143,775
Staff related payables	240,540	332,296	200,536	303,775
Statutory liabilities	22,570	27,761	11,738	11,957
	2,588,684	3,153,002	1,824,048	2,341,951

Notes to the Financial Statements

31 December 2023

22. Short-term loans

		The Group		The Company	
		2023	2022	2023	2022
		$'000	$'000	$'000	$'000
Sagicor Bank Jamaica Limited	(a)	200,000	200,000	200,000	200,000
Sagicor Bank Jamaica Limited	(b)	55,000	55,000	55,000	55,000
JMMB Bank (Jamaica) Limited	(c)	41,200	41,200	41,200	41,200
National Commercial Bank Jamaica Limited	(d)	25,000	-	25,000	-
		321,200	296,200	321,200	296,200

(a) This loan, which is a revolving unsecured term loan facility is denominated in Jamaican dollars and was renewed April 2023, it attracts interest at 8.75% per annum and is repayable within 12 months.

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

(c) This loan is a Revolving Line of Credit, which was renewed in May 2023 and is unsecured, it attracts interest at 7.75% per annum and is repayable within 12 months.

(d) This loan is a Revolving Line of Credit, which was received in July 2023 and is unsecured, it attracts interest at 7.75% per annum and is repayable within 12 months.

23. Bank overdraft

The Group and the Company has approved bank overdraft limits of $302M, which attracts interest at rates ranging from 12% to 17.5%.

Notes to the Financial Statements

31 December 2023

24. Revenue

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

25. Other operating income

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Advertising space	8,887	10,765	8,887	10,765
Rental from warehouse space	34,852	44,633	50,090	44,633
Disposal of right-of-use assets	-	-	-	-
Net bargain purchase (Note 7)	(10,495)	82,178	-	-
Gain on disposal of property, plant and equipment	1,000	-	-	-
Management fees	12,000	10,928	64,500	57,928
Other income: insurance proceeds, bad debts recovered and dividends	54,790	88,864	150,241	105,815
Fair value gain on investment property (Note 6)	280,000	-	-	-
	381,034	237,368	273,718	219,141

Notes to the Financial Statements

31 December 2023

26. Expenses by nature

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Amortization of right-of-use assets	307,889	261,272	227,570	207,908
Audit fee	23,831	21,189	7,493	7,042
Bank charges	135,294	114,865	91,786	74,374
Depreciation	283,819	271,642	196,396	185,247
Directors' fees	2,300	2,824	1,320	2,054
Donations	39,208	26,985	36,308	24,955
Dues and subscriptions	8,110	5,247	-	-
Fines and penalties	3,330	831	-	-
Insurance	142,306	94,441	80,501	46,355
Rental	42,560	48,517	32,092	23,070
Property taxes	12,107	11,245	566	-
Motor vehicle expense	74,453	71,036	27,448	29,523
Office expenses	79,549	65,706	42,964	36,801
Other expenses	47,032	50,631	20,561	23,980
Professional fees	84,392	129,994	50,876	55,235
Repairs and maintenance	112,225	85,532	49,272	48,190
Structuring fees	44,166	33,784	44,166	33,784
Staff costs (Note 28)	1,469,160	1,272,244	779,703	729,974
Security	81,560	52,529	59,893	40,400
Travelling and entertainment	37,686	35,814	15,236	12,943
Utilities	291,788	250,268	210,686	188,000
	3,322,765	2,906,596	1,974,837	1,769,835
Selling and distribution	787,186	689,131	606,035	539,796
Finance costs, net (Note 29)	588,067	463,579	560,912	427,648
Cost of sales	14,065,345	13,780,755	10,116,108	8,701,494
	18,763,363	17,840,061	13,257,893	11,438,773

Notes to the Financial Statements
31 December 2023

27. Operating profit

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Auditors' remuneration	23,831	21,189	7,493	7,042
Amortization of right-of-use assets	307,889	261,272	227,570	207,908
Expected credit loss	194,712	88,645	124,438	42,319
Depreciation	283,819	271,642	196,396	185,247
Directors' emoluments:				
- Fee	2,300	2,824	1,320	2,054
- Management remuneration (included in staff costs)	120,653	98,916	56,180	56,180
Staff costs (Note 28)	1,469,160	1,272,244	779,703	729,974

28. Staff costs

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Wages and salaries	1,145,590	1,003,701	574,077	549,177
Statutory contributions	121,797	100,361	72,310	63,414
Termination costs	1,729	-	-	-
Staff welfare	73,351	44,736	27,165	22,421
Contract services and other	126,693	123,446	106,151	94,962
	1,469,160	1,272,244	779,703	729,974

29. Finance costs, net

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Interest income	(21,105)	(10,494)	(6,381)	(5,934)
Interest expense	353,679	321,313	351,880	305,354
Foreign exchange losses/(gains); net	25,271	(11,289)	40,967	11,235
Lease interest expense	230,222	164,049	174,446	116,993
	588,067	463,579	560,912	427,648

Notes to the Financial Statements

31 December 2023

30. Taxation

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Income tax at 25%	60,146	129,578	-	83,487
Income tax at 15%	5,491	3,484	5,491	3,484
Income tax at 21%	24,082	42,204	-	-
Remission of income tax at 50% (2022-50%)	(14,805)	(9,891)	-	-
Deferred tax assets (Note 11)	(90,712)	(56,958)	(73,228)	(48,396)
	(15,798)	108,417	(67,737)	38,575

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Profit/(loss) before taxation	166,189	726,046	(256,785)	266,631
Tax calculated at the appropriate rate	80,775	156,110	(64,196)	66,658
Adjusted for the effects of: -				
Expenses not allowed for tax purposes	9,843	9,572	5,491	4,056
Employers tax credit	(13,087)	(42,698)	-	(35,780)
Other charges and allowances	(69,372)	(7,579)	120	738
Effect of differences in tax rates	(9,152)	2,903	(9,152)	2,903
Adjustment for the effect of remission of tax	(14,805)	(9,891)	-	-
	(15,798)	108,417	(67,737)	38,575

Notes to the Financial Statements
31 December 2023

30. Taxation (continued)

(c) Remission of Income Tax

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

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

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

Notes to the Financial Statements

31 December 2023

31. Segment financial information

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

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

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

(ii) Wholesale and retail - operation of eight (8) outlets, six (6) trading under the name Sampars Cash and Carry and Sampars Outlets, two (2) under the name Select Grocers and one (1) under the name Food Savers NY.

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

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

	2023				
	Distribution	Wholesale and Retail	Other Operations	Eliminations	Group
	$’000	$’000	$’000	$’000	$’000
Revenue from external customers	7,157,030	9,771,979	1,949,018	(134,797)	18,743,230
Operating (loss)/profit	(444,236)	972,954	271,834	(46,296)	754,256
Assets	11,644,157	6,069,278	1,610,827	(2,676,900)	16,647,362
Liabilities	7,432,622	3,242,587	1,967,157	(2,867,866)	9,774,500
Capital expenditure	2,126	87,521	31,037	-	120,684
Depreciation	163,362	100,610	19,847	-	283,819
Finance (income)/costs, net	(496,356)	(114,287)	16,487	6,089	(588,067)

	2022				
	Distribution	Wholesale and Retail	Other Operations	Eliminations	Group
	$’000	$’000	$’000	$’000	$’000
Revenue from external customers	8,204,888	8,514,305	1,803,670	(102,607)	18,420,256
Operating profit	(462,635)	1,414,614	172,868	64,779	1,189,625
Assets	11,854,804	4,485,079	1,398,457	(2,365,345)	15,372,995
Liabilities	7,222,827	2,393,247	1,819,114	(2,436,074)	8,999,114
Capital expenditure	2,126	681,340	42,347	-	725,813
Depreciation	120,077	131,062	20,503	-	271,642
Finance costs/(income), net	(404,779)	(55,257)	(9,033)	5,490	(463,579)

Notes to the Financial Statements
31 December 2023

32. Earnings per share

Profit per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent of $160,334,000 (2022: $579,979,000) by the weighted average number of ordinary stock units in issue during the year, numbering 4,533,360,670 (2022: 4,533,360,670).

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Net profit/(loss) attributable to Stockholders of the Company	160,334	579,979	(189,049)	228,056
Weighted average number of ordinary stocks units ('000)	4,533,360	4,533,360	4,533,360	4,533,360
Earnings/(loss) per share	$0.035	$0.128	($0.042)	$0.050

33. Contingent liabilities and commitments

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

The Group's and Company's attorneys that routinely act on behalf of the Group, by letter dated 25 February 2024, reported with regards to the Company's year ended 31 December 2023, as follows:

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

(b) Management reported that as at 31 December 2023, the Group had capital commitments of $232,500,000 (2022: $114,637,000).

(c) As at 31 December 2023, as far as the Board of Directors of the Group are aware, there were no significant pending or threatening litigations against the Group.

Notes to the Financial Statements

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34. Related party transactions

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

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

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

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

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

	The Group		The Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Dividend income	-	-	(29,233)	(14,616)
Directors' fees	2,300	2,824	1,320	2,054
Management remuneration	120,653	98,916	56,180	56,180

Form of Proxy

I/WE[1] ………………………………………………………… of ……………………………………………………………………………………………

being a shareholder(s) of **DERRIMON TRADING COMPANY LIMITED** hereby appoint:

……………………………………………………………………… of ……………………………………………………………………………………………

or failing him/her ……………………………………………………… of ……………………………………………………………………………

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 11th day of September 2024 at 10:00am at the Terra Nova All-Suite Hotel and at any adjournment thereof, to vote for me/us and in my/our name for the said resolutions (either with or without modification, as my/our Proxy may approve) or against the said resolutions as hereby indicated.

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

Ordinary Business	For	Against
RESOLUTION 1: To receive the audited accounts for the year ended 31 December 2023.		
RESOLUTION 2(a): To re-appoint Ian Kelly to the Board of Directors.		
RESOLUTION 2(b): To re-appoint Monique Cotterell to the Board of Directors.		
RESOLUTION 2(c): To re-appoint Winston Thomas to the Board of Directors.		
RESOLUTION 2(d): To re-appoint Paul Buchanan to the Board of Directors.		
RESOLUTION 3: To fix the remuneration of the Directors.		
RESOLUTION 4: To re-appoint the Auditors and to fix their remuneration.		

Signed: ___________________________ Signed[3]: ___________________________

Dated this _____ day of _______________________ , 2024

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

Notes

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

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

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

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

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

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

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

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

876 901 3344

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