DERRIMON
TRADING CO. LTD.

Consolidated Profit before tax $58.20M

Consolidated Statements of Derrimon Trading Company Limited

Report to Stockholders
Three (3) months ended March 31, 2024

The Board of Directors is pleased to report the unaudited results of the Group and Company for the three (3) months ended March 31, 2024.

Consolidated Financials	Current Quarter		
	March 31, 2024 $'000	March 31, 2023 $'000	%Change
Revenue	3,559,688	4,921,591	-27.67%
Gross Profit	906,400	1,021,617	-11.28%
EBITDA	414,824	323,400	28.27%
Operating Profit	200,462	189,850	5.59%
Profit Before Tax	71,856	70,010	2.64%
Net Profit	58,204	52,508	10.85%
Net Profit attributable to shareholders	55,346	40,536	36.53%
Earnings Per Share	0.012	0.009	36.53%

The three (3) months consolidated results of the Group reflect revenue of $3.56 billion which is $1.36 billion (27.67%) lower than the $4.92 billion reported for the comparative period last year. The results include all subsidiaries of Derrimon Trading Company Limited. The reduction in consolidated revenue can be attributed to several factors observed during the period.

The company's distribution segment continues with the strategy of reducing its focus on commodities which carry lower margins and is instead increasing its focus on developing its proprietary brands (Delect, Refresh, Gentle) along with greater emphasis on its core distribution portfolio. This shift along with a general reduction in consumption in the market during the months of February and March resulted in the distribution segment recording a 19.47% decline in revenue from the $1.51 billion reported the March 31, 2023 quarter to $1.22 billion. The first quarter of 2023 also included the sales from the previous Nestle Distribution Agreement while the first quarter of 2024 has the new Nestle Agreement which is on a smaller geographical scale.

Our wholesale and retail segment (Sampars & Select) recorded a 26.19% decline in revenue from $1.78 billion to $1.31 billion which was influenced by a general decrease in business activities during the period, issues with the functionality of the information technology platform that was implemented and the closure of the Sampars Mandeville Retail Outlet.

During the quarter, significant internal processes along with people and technological changes were implemented in order to improve efficiencies and contain costs within the segment.

The other operations segment recorded a 36.90% decrease in revenue from $1.63 billion to $1.03 billion which was due to a noticeable decline in revenue during February and March and other major infrastructural events connected to our New York subsidiaries, which resulted in a temporary closure of the location. Caribbean Flavours & Fragrances Limited (CFF) and Woodcats International Limited experienced a decline in revenue as local manufacturers reduced orders during the period due to a general reduction in economic activity. Spicy Hill Farms saw improved sales during the quarter while Arosa saw a slight reduction in sales due to technical delays with our major equipment and a small contraction in sales to the hospitality segment.

Marnock Retail LLC, which operates the Food Savers NY supermarket, has not been in operation since March 22, 2024. This is due to the collapsing of the roof and continuous rains over a sustained period which caused a delay in repairs and thereby resulting in a temporary closure of the business. The impact to Marnock Retail also impacted Marnock LLC, operator of wholesale food distributor Good Food for Less. This is a material event as both businesses contribute to the consolidated group results and provide management fees to Derrimon, the company. We continue to be in active dialogue and discussion with our landlord in order to get a full understanding as to the timelines for the replacement or repairs to the roof and the internal repairs required, given the levels of water damages incurred. Our insurers have also been advised and at the appropriate time, the necessary claims for damages to equipment and for consequential losses will be made.

The Group reported gross profit of $906.40 million, which represents a decrease of $115.22 million (11.28%) below the $1.02 billion reported for the comparative period last year. However, the gross profit margin improved from 20.76% to 25.46% which has been influenced by the shift from commodities with lower margins, a reduction in some raw material costs for our subsidiaries along with greater cost discipline by the group management leaders.

Consolidated operating expenses for the three (3) months was $791.90 million representing a decrease of $106.19 million (11.82%) over the $898.10 million reported for the comparative period. The decrease in expenses reflects the significant expense cuts at the company level and a decrease in operating costs with less commerce. This reduction in expenses contributed to operating profit rising 5.59% to $200.46 million. Group finance costs marginally increased by 7.31% to $128.61 million as there was higher cost of financing during the current period.

The Group profit before tax for this period was $71.86 million, an increase of $1.85 million (2.64%) from the $70.01 million reported for the comparative period and consolidated net profit of $58.20 million representing an increase of $5.70 million or 10.85% above the $52.51 million reported for the comparative period. Net profit attributable to shareholders grew 36.53% to $55.35 million with earnings per share at $0.012.

The Group's total assets was $16.54 billion compared to the $16.02 billion reported for the similar period in 2023. This improvement was influenced by the increase in our inventories and right-of-use assets. Total liabilities remained flat at $9.61 billion with shareholder's equity increasing 7.85% to $6.93 billion, of which, $6.68 billion was attributable to shareholders.

Core Activity

Company Financials	Current Quarter		
	March 31, 2024 $'000	March 31, 2023 $'000	%Change
Revenue	2,530,965	3,291,219	-23.10%
Gross Profit	610,883	557,298	9.62%
EBITDA	298,587	58,750	408.23%
Operating Profit (Loss)	143,635	(28,400)	
Profit (Loss)Before Tax	36,983	(143,957)	
Net Profit (Net Loss)	29,587	(125,962)	
Earnings Per Share	0.007	(0.032)	

The Distribution and local Retail arm of the business recorded revenue of $2.53 billion for the first quarter which represents a decrease of $760.25 million or 23.10% over the comparative period. The company's push towards growing our proprietary portfolio, general reduction in consumption during the first quarter, closure of the Mandeville Sampars Outlet location and technological glitches with our retail software platform were responsible for the reduced sales . It should also be noted that Easter was earlier in 2024 which meant one less business day for general operations compared to last year. Our mantra of "available and fresh" will ensure that our customers are always satisfied and we continue to occupy that space in their mind that we are always at their service.

Gross profit from these Divisions for the three (3) months period was $610.88 million which represents a $53.59 million (9.62%) increase above the $557.30 million reported for the corresponding period last year. The gross profit margin also improved from 16.93% to 24.14%. The push towards trading in higher margin products along with our reduction in commodities were the main factors responsible for the improvement in the gross profit.

Operating Expenses for the three (3) months period was $515.64 million which is $119.72 million below the $635.36 million reported for the comparative period. The major factors contributing to this decrease was the reduction in comparative demurrage costs, professional fees and other operating expenses. We will continue to examine our cost structure and will implement additional strategies in order to reduce the impact on the core business.

Finance charges for the core activities for the three (3) months period was $106.65 million compared to $115.56 million in the comparative period. Pre-tax Profit recorded for the three (3) months period was $36.98 million representing an improvement from the $143.96 million pre-tax loss reported for the corresponding period last year. Net profit for the three (3) months period was $29.59 million representing a rebound from the $125.96 million net loss reported for similar period last year.

Total Assets from core activities was at $14.09 billion, this represents an increase of $1.54 billion above the $12.55 billion reported for the similar period last year. This improvement was as a result of increased inventory balances held during the quarter and right-of-use assets. Total liabilities increased by 21.70% to $8.71 billion largely due to a higher lease liability line item. Shareholder's equity was marginally down from $5.40 billion to $5.38 billion.

Market Performance

	March 31, 2024	March 31, 2023	Percentage
DTL Stock Price	$2.09	$2.07	0.97%
Junior Market Index	3,984.23	3,795.21	2.13%
JSE Manufacturing and Distribution Index	101.58	97.16	7.09%
Market Capitalization	$9.47 Billion	$9.38 Billion	0.96%

DTL's stock price increased by 0.97% on a year over year comparison and was up 12.97% during Q1 2024 compared to the $1.85 opening price. The Junior Market Index and JSE Manufacturing and Distribution Index were marginally up on a year over year basis. The Junior Market Index increased 0.72% in Q1 2024 while the JSE M&D Index was up 1.08% which demonstrates the small changes being observed in the broader market. However, a key item to note is that the Junior Market had 33 stocks declining relative to 13 advancing in Q1 2024. The company's market capitalisation stood at a solid $9.47 Billion at the end of the quarter.

The JSE had one public market offer which was Express Catering Limited's US$12 million public bond offer in Q1 2024. The Junior Market also saw the two largest companies by profit and market capitalisation, Lasco Manufacturing and Lasco Distributors, graduate to the Main Market which saw a reduction in the overall Junior Market capitalisation and a rebalancing in the weighting of the remaining stocks.

Outlook and Risks

Some of the key risks the Derrimon Group is exposed to include:

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. 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.

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 loans denominated in a foreign currency into JMD to address any fluctuations in the FX rate.

The Derrimon Group officially held its 25th anniversary celebrations during the first quarter where we held a church ceremony to get things underway while recognising our long-standing team members which included Louise Jackson, an employee who has worked for 35 years at Arosa Limited.

Derrimon also continued its support for TVJ's School Challenge Quiz where St. Jago won the illustrious competition over Calabar High during the 55th season of the show. Apart from both teams receiving a gift basket from our Delect portfolio, each player also received a cash prize, a financial literacy workshop and Derrimon Trading ordinary shares to start their investment journey. Our Delect team members served the attendees at the finals with our various products and offerings as well, which was well received.

During February, we were able to successfully announce a US$13 million financing partnership with IDB (Inter-American Development Bank) Invest for different planned objectives. This included US$3 million from tranche I in committed financing to modernize our distribution centre and company warehouse which also includes the installation of solar panels to help reduce our energy bill. The solar energy investment should pay for itself over the next five years based on projected savings. We also secured US$5 million in a committed revolving credit line under tranche II to purchase goods from eligible suppliers in various jurisdictions such as Norway, Guyana and Suriname. The third facility under tranche III is US$5 million of uncommitted senior financing to finance capital expenditure and working capital needs in Jamaica. This third facility can be accessed from IDB Invest once the company deems it necessary to access this financing.

CFF was recertified for its SQF designation during the first quarter, a continued achievement that we applaud every year. Arosa and Woodcats are also set to receive equipment upgrades in the near future as we seek to modernize the operations of both subsidiaries. We are also planning to install new equipment at Arosa by the end of the third quarter. Woodcats is set to benefit tremendously from the diversification of its supplies the coming quarters.

With respect to Marnock LLC and Marnock retail, we have engaged a public assessor and have had many discussions with our attorneys to review the present situation as well as to file the appropriate claim with our insurance company regarding the damage to inventory, consequential losses and equipment . As a result, the contribution of this subsidiary will be muted during the second quarter.

Interest rates continue to remain elevated with the Bank of Jamaica maintaining its policy rate at 7.00% and the United States Federal Reserve keeping its federal rate at 5.25%-5.50%. These high rates will continue to impact the cost of financing and growth in the different domestic markets. Point-to-point inflation in Jamaica up to March was 5.6% while the United States' inflation rate was 3.5%. However, core inflation remained relatively sticky which can impact the decision for future interest rate cuts. Jamaica's tourism sector is also continuing to suffer the impact from the US State Department's travel advisory and the expected slowdown heading into the summer months. The weighted average selling FX rate between the USD and JMD appreciated from $154.95 to $154.70 during Q1 2024.

These are challenging times for business however, we have the right talent and leadership and remain confident that we will continue to diversify our business and operating markets to deliver on our plans for the ensuing periods. We will continue to optimize our operations and control costs to ensure that shareholders see continued growth in the value of their investment .

We thank our employees for their commitment and dedication despite the many challenges faced during this reporting period. We are excited by the support given by our existing and the new shareholders and we also thank our customers and other stakeholders for their support as we continue to expand our business and bring greater value to all parties.

Derrick Cotterell

Chairman & Chief Executive Officer

Consolidated Profit before tax $58.20M

Unaudited Financial Statements **Page**

Derrimon Trading Company Limited
Group Statement of Profit and Loss & Comprehensive Income
Three Months Ended March 31, 2024

	Group Unaudited Consolidated Three months ended March 31 2024 $'000	Group Unaudited Consolidated Three months ended March 31 2023 $'000	Group Audited year ended December 31 2023 $'000
Revenue			
Trading Income	3,559,688	4,921,591	18,743,230
Less cost of sales	2,653,288	3,899,974	14,065,345
Gross Profit	906,400	1,021,617	4,677,885
Unrealise gains on investments valued at fair value through profits and loss	-		-
Other operating income	85,965	66,329	381,034
	992,365	1,087,946	5,058,919
Less operating expenses:			
Administrative	694,028	808,831	3,322,765
Selling & distribution	97,875	89,265	787,186
Impairment allowance on financial assets	-	-	194,712
	791,903	898,096	4,304,663
Operating profits/ (loss) before finance charges	200,462	189,850	754,256
Less : finance cost	(128,606)	(119,840)	(588,067)
Profit before taxation	71,856	70,010	166,189
Taxation (Estimated)	13,652	17,503	15,798
Net Profit being total comprehensive income	58,204	52,507	181,987
Net profit Attributable to:			
Stockholders of the company	55,346	40,536	160,334
Non-controlling interest	2,858	11,971	21,653
Increase in revaluation investment		-	-
	58,204	52,507	181,987
Other comprehensive income:			
Item that will not be reclassified to profit and loss:			
Unrealized fair value gain on property	-	-	341,063
Total comprehensive income	58,204	52,507	523,050
Total comprehensive income attributable to :			
Stockholders of the company	-		501,397.00
Non-controlling interest	-		21,653.00
	58,204	52,507	523,050.00
Earnings per ordinary stock units attributable to shareholders of the company	$ 0.012	$ 0.009	$ 0.035

Revenue	Company Unaudited Derrimon Three months ended March 31 2024 $'000	Company Unaudited Derrimon Three months ended March 31 2023 $'000	Company Audited year ended December 31 2023 $'000
Trading Income	2,530,965	3,291,219	12,851,826
Less cost of sales	1,920,082	2,733,921	10,116,108
Gross Profit	610,883	557,298	2,735,718
Unrealised lossess on Investments	-	-	-
Other operating Income	48,394	49,666	273,718
	659,277	606,964	3,009,436
Less operating expenses:			
Administrative	435,347	547,030	1,974,837
Selling & distribution	80,295	88,334	606,035
Impairment allowance on financial assets	-	-	124,438
	515,642	635,364	2,705,310
Operating profits/ (loss) before finance charges	143,635	(28,400)	304,126
Less : finance cost	(106,652)	(115,557)	(560,912)
Share of profit of consolidated company			
Profit before taxation	36,983	(143,957)	(256,786)
Taxation (Estimated)	7,396	-	67,737
Net Profit /(Loss) being total comprehensive(loss)/ income	29,587	(143,957)	-189,049
Earnings per ordinary stock units attributable to shareholders of the company	$ 0.007	$ (0.032)	$ (0.042)

Derrimon Trading Company Limited
Statement of Financial Position
Three Months ended March 31, 2024

	Company Unaudited Derrimon Three Months March 31 2024 $'000	Company Unaudited Derrimon Three Months March 31 2023 $'000	Group Unaudited Consolidated Three months ended March 31 2024 $'000	Group Unaudited Consolidated Three months ended March 31 2023 $'000	Company Audited year ended December 31 2023 $'000	Group Audited year ended December 31 2023 $'000
ASSETS						
Non-current assets:						
Fixed Assets	2,048,898	2,540,793	3,451,786	3,968,849	2,140,104	3,573,329
Investment property	-	-	630,000	-	-	630,000
Intangible assets	181,220	181,220	1,835,359	1,835,359	181,220	1,835,359
Investment in subsidiaries and joint venture	2,992,169	2,981,674		-	2,992,169	
Investment securities	206,455	107,729	206,455	236,191	107,729	203,479
Right-of-use assets	1,874,027	1,667,316	2,527,192	2,208,383	1,956,773	2,639,011
Deferred tax assets	119,255	46,027	142,580	51,868	119,255	142,580
	7,422,024	7,524,759	8,793,372	8,300,650	7,497,250	9,023,758
Current assets:						
Receivables and prepayments	1,157,663	1,325,205	1,350,530	2,183,055	1,337,445	2,039,816
Inventories	3,684,632	2,380,472	5,405,987	4,558,989	3,327,009	5,085,082
Investment	-	-	140,970	-	-	-
Cash & bank	646,168	315,269	806,869	890,148	234,513	411,830
Tax recoverable	40,925	-	6,070	15,632	40,925	46,995
Due from related parties	1,140,614	1,008,663	39,879	76,364	1,140,614	39,879
	6,670,002	5,029,609	7,750,305	7,724,188	6,080,506	7,623,602
TOTAL ASSETS	14,092,026	12,554,368	16,543,677	16,024,838	13,577,756	16,647,360
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	3,863,849	3,863,849	3,863,849	3,863,849	3,863,849	3,863,849
Retained earnings	1,423,737	1,439,243	2,386,006	2,210,864	1,394,151	2,330,661
Investment revaluation reserve	614	614	614	614	614	614
Capital Reserve	94,638	94,638	435,701	94,638	94,638	435,701
Foreign exchange reserves	-	-	(3,805)	3,222	-	(3,805)
	5,382,838	5,398,344	6,682,365	6,173,187	5,353,252	6,627,020
Non-controlling interest	-	-	248,699	253,202	-	245,840
	5,382,838	5,398,344	6,931,064	6,426,389	5,353,252	6,872,860
Non Current Liability:						
Borrowings	2,724,694	2,241,330	2,749,100	2,291,697	2,777,346	2,797,367
Lease liability	2,070,587	1,550,612	2,789,489	2,288,577	2,097,795	2,829,481
Due to related party	225,137	145,372	-	462,664	-	-
	5,020,418	3,937,314	5,538,589	5,042,938	4,875,141	5,626,848
Current Liabilities						
Payables	2,472,967	2,582,137	2,619,526	3,879,976	1,824,048	2,588,684
Short term loans	319,215	106,499	319,215	106,498	321,200	321,200
Due to related parties	-	-	-	-	225,137	-
Current portion of long term loan	318,126	320,175	322,291	293,567	319,483	328,172
Current portion of lease liability	175,235	189,432	179,823	228,691	187,933	236,822
Taxation payable	-	-	130,344	20,857	-	130,344
Bank overdraft	403,227	20,467	502,825	25,922	471,562	542,430
	3,688,770	3,218,710	4,074,024	4,555,511	3,349,363	4,147,652
TOTAL EQUITY AND LIABILITIES	14,092,026	12,554,368	16,543,677	16,024,838	13,577,756	16,647,360

Approved for issue by the Board of Directors on May 13, 2024 by:

Derrick Cotterell
Chairman

Ian Kelly
Director

Derrimon Trading Limited
Group Statement of change in Shareholders' Equity
Three Months Ended March 31, 2024

	Number of Shares 000	Share Capital $ 000'	Foreign exchange reserves $000'	Retained Earnings $ 000'	Investment Revaluation Reserve $ 000'	Capital Reserves $ 000'	Non-controlling interest $ 000'	Total $ 000'
Balance at 31 December 2022	4,533,361	3,863,849	3,222	2,170,327	614	94,638	241,231	6,373,881
Total comprehensive income		-		40,537	-	-	11,971	52,508
Issue of shares	-	-						-
Balance at March 31, 2023	4,533,361	3,863,849	3,222	2,210,864	614	94,638	253,202	6,426,389

	Number of Shares 000	Share Capital $ 000'	Foreign exchange reserves	Retained Earnings $ 000'	Investment Revaluation Reserve $ 000'	Capital Reserves $ 000'	Non-controlling interest $ 000'	Total $ 000'
Balance at 31 December 2023	4,533,361	3,863,849	(3,805)	2,330,661	614	435,701	245,840	6,872,860
Total comprehensive income		-		55,346	-	-	2,858	58,204
Non-controlling interest			-					-
Balance at March 31, 2024	4,533,361	3,863,849	(3,805)	2,386,007	614	435,701	248,698	6,931,064

Derrimon Trading Limited
Company Statement of change in Shareholders' Equity
Three Months Ended March 31, 2024

	Number of Shares 000	Share Capital $ 000'	Retained Earnings $ 000'	Investment Revaluation Reserve $ 000'	Capital Reserves $ 000'	Total $ 000'
Balance at 31 December 2022	4,533,361	3,863,849	1,583,200	614	94,638	5,542,301
Total comprehensive income		-	(143,957)	-	-	(143,957)
Non-controlling interest		-	-	-	-	-
Issue of shares	-	-	-	-	-	-
Balance at March 31, 2023	4,533,361	3,863,849	1,439,243	614	94,638	5,398,344

	Number of Shares 000	Share Capital $ 000'	Retained Earnings $ 000'	Investment Revaluation Reserve $ 000'	Capital Reserves $ 000'	Total $ 000'
Balance at 31 December 2023	4,533,361	3,863,849	1,394,151	614	94,638	5,353,252
Total comprehensive income		-	29,587	-	-	29,587
Non-controlling interest			-	-	-	-
Balance at March 31, 2024	4,533,361	3,863,849	1,423,737	614	94,638	5,382,838

Derrimon Trading Limited
Group Statement of Cash flows
Three Months Ended March 31,2024

	Note	3 Months ended March 31,2024 $'000	3 Months ended March 31,2023 $'000
Cash flows from operating activities:			
Net profit before taxation		71,856	70,010
Taxation paid		13,652	(159,509)
Changes in non-cash working capital components:-			
Depreciation		102,543	57,020
Amortization of-right of use asset		111,819	76,530
Inventories		(320,905)	(405,925)
Receivables		689,286	(7,008)
Taxation recoverable		40,925	(11,146)
Payables		30,842	726,974
Increase in related parties		-	301,949
Net cash (used in)/ provided by operating activities		740,018	648,895
Cash flows from Investment activities:			
Investments		(143,946)	(2,712)
Acquisition of property, plant and equipment		(23,175)	(278,767)
Net cash used in investment activities		(167,121)	(281,479)
Financing activities:			
Loan received during the year		133,844	77,100
Lease liability		(159,635)	(52,644)
Repayment of loans		(112,462)	(289,340)
Net cash used financing activities		(138,253)	(264,884)
Net increase/ (decrease) in cash and cash equivalents balances		434,644	102,532
Net cash balance at beginning of the year		(130,600)	761,693
Net cash balance at end of period		304,044	864,226

Represented by:		
Cash & cash equivalents	806,869	890,149
Bank overdraft	(502,825)	(25,923)
Net cash and cash equivalents at end of period	304,044	864,226

Derrimon Trading Limited
Company Statement of Cash flows
Three Months Ended March 31,2024

	Note	3 Months ended March 31,2024 $'000	3 Months ended March 31,2023 $'000
Cash flows from operating activities:			
Net profit before taxation		36,983	(143,957)
Taxation paid		(7,396)	-
Changes in non-cash working capital components:-			
Depreciation		72,206	34,005
Amortization of-right of use asset		82,746	53,145
Inventories		(357,623)	159,357
Receivables		179,782	264,209
Payables		648,919	240,186
Taxation payable		-	(57,469)
Net cash (used in)/ provided by operating activities		655,617	549,476
Cash flows from Investment activities:			
Investments		(98,726)	-
Acquisition of property, plant and equipment		(22,204)	(315,751)
Net cash used in investment activities		(120,930)	(315,751)
Financing activities:			
Loan received during the year		81,677	-
Lease liability		(39,906)	(214,329)
Repayment of loans		(96,468)	(197,862)
Net cash used financing activities		(54,697)	(412,191)
Net increase/ (decrease) in cash and cash equivalents balances		479,990	(178,466)
Net cash balance at beginning of the year		(237,049)	473,268
Net cash balance at end of period		242,941	294,802

Represented by:		
Cash & cash equivalents	646,168	315,269
Bank overdraft	(403,227)	(20,467)
Net cash and cash equivalents at end of period	242,941	294,802

Notes to the Unaudited Financial Statements

Three (3) Months Ended March 31, 2024

1. **IDENTIFICATION AND PRINCIPAL ACTIVITIES**

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

The principal activities of the Company include the wholesale and bulk distribution of household and food items inclusive of meat products, chilled and ambient beverages and the retailing of those and other food items and meat products through the operation of a chain of outlets and supermarkets. The Company’s three (3) subsidiaries are involved in manufacturing of flavours and fragrances, wooden pallets manufacturing and food retail business in New York. Derrimon Trading Company Limited together with its subsidiaries is referred to as the “Group”.

The Company maintained the entity’s trading name, Sampars Cash & Carry as well as its operating Outlets: Sampars Outlet Washington Boulevard at 8-10 Brome Close, Kingston 20; Sampars Outlet West Street at 60 ½ West Street, Kingston; Sampars Old Harbour at 3 Ascott Drive, Old Harbour, St. Catherine, Sampars St. Ann's Bay at 3 Harbour Street, St. Ann's Bay, St. Ann, and Sampars Cross Roads, 1-3 Retirement Road, Kingston 5 and Select Grocers at Shop # 15, Upper Manor Park Plaza, Constant Spring Road, Kingston 8, Select Grocers, Millennium Mall, Clarendon, Marnock LLC operating as FoodSavers New York and Good Foods for Less at 402-412 E83rd Street, Brooklyn New York. The performance of Spicy Hill Farms limited and Arosa Limited, Drax Hall, St. Ann is also included.

Effective December 17, 2013, the Company’s shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE). The Company closed a successful Additional Public Offering which was closed on January 26, 2021 and shares listed on the Junior Marker on the Jamaica Stock Exchange on February 23, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated. These unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost conventions. The accounting policies used in the preparations of these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2023.

Basis of preparation

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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

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

Judgments and Estimates

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating segments information

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

Financial assets

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

Revenue from contract with customers

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

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

Leases

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

Consolidation

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

Joint arrangement

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment property

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

Related parties and related party transactions

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

Receivables

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

Income and other taxes

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

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

Contingencies

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Impairment of assets

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

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

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

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

Others

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

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

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

Leases (IFRS 16)

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

Annual Improvements 2015-2017

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

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

Effects of Changes in Accounting Policies

The Company and Group adopted IFRS 16: Leases, effective January 1, 2019. This resulted in material changes to the financial statements as at March 31, 2020.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation

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

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

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

Entity	**Principal Activity**	**% Ownership by Company at 31 March 2023**	**% Ownership by Company at 31 December 2022**
CFFL	Manufacture of Flavours and Fragrances	65.02%	65.02%
Select Grocers	Operation of Supermarket	60%	60%
Woodcats International Limited	Manufacturers of wooden pallets	100%	100%
Marnock Retail LLC	Operations of Supermarket	100%	100%
Marnock LLC	Operation of Wholesale	80%	80%
Spicy Hill Limited	Manufacture of Spices	100%	100%
Arosa Limited	Meat processor and purveyor	100%	100%

Derrimon Trading Company Limited (DTCL) as at December 31, 2022, owns 65.02% of the shares of CFFL, the same as the prior year.
DTCL continues to hold 60% in the joint operation with Select Grocers and accounts for this entity by incorporating 60% of its assets, liabilities, revenue and expenses into the financial statements of the Parent Company.

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

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

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

On January 10, 2022, DTCL acquired 100% of the shares of Spicy Hill Farms Limited, a manufacturer of spices making it a wholly-owned subsidiary.

On April 1, 2022, DTCL acquired 100% of the shares of Arosa Limited, a meat processor, purveyor and wine distributor making it a wholly-owned subsidiary.

(b) Joint operation

A joint operation is an arrangement in which two or more parties contractually agree to the sharing of control and decisions about relevant activities require the unanimous consent of the parties sharing control. In a joint operation, the parties that have joint control have rights to the assets and obligations for the liabilities.
The Company records its interest in the joint operation's assets, liabilities, revenues and expenses in the Group accounts.

(c) Business combination

The company applies the acquisition method in accounting for a business combination.
The consideration transferred by the company to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair value of the assets transferred, liabilities assumed, and the equity interests issued by the company.
The company recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the company's financial statements prior to the acquisition. Assets acquired, and liabilities assumed are generally measured at their acquisition-date fair value.

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Segment reporting

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

The Company has identified the following segments:

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

In 2018, the ambient beverages division was added to the distribution segment as the Company entered into an agreement with SM Jahleel and Company Limited to distribute its beverage products. The pallets and by-products of wood were added to the other operations segment as a result of the 100% acquisition of Woodcats International Limited in 2018 and the purchase of Marnock LLC trading as FoodSavers New York and Good Foods For Less in January 2021 resulting in these companies becoming a part of the Group.

(e) Impairment of assets

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

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

(f) Revenue recognition

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

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

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

i. Sales

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

Current annual rates of depreciation are:

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

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

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

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

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

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

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

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

(a) short-term leases, less than 12-months; and
(b) leases for which the underlying asset is of low value, i.e., printers, laptop computers, small furniture and selected properties.

These will be charged as lease expense in the statement of profit or loss.

(I) Intangible assets

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Research and development expenditure

Expenditures in relation to research activities are expensed as incurred.

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

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

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

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

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

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

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

(j) Financial instruments

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification and Subsequent Measurement

Financial assets

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

Credit risk and expected credit loss

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

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

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

(l) Trade and other receivables

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

(m) Income tax

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

Current taxation

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

Deferred taxation

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

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

At December 31, 2018, deferred tax was accounted for because DTCL 100% tax free remission status expired December 16, 2018. DTCL will be subject to 50% income tax on its taxable profits from December 17, 2018 to December 16, 2023. The recent Additional Public Offering which increased the Company's capital beyond the allowable $500 million threshold means that the taxation payable is now 100%. The company is awaiting a response from Tax Administration Department to our request to continue with the 50% for the last three (3) years.

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

(i) CFFL, is also listed on the Junior Market of the JSE and effective October 3,2018, its 100% tax free status expired, and it is now subject to income tax at 50% on its taxable profits for the next five (5) years to October 2, 2023; and

(ii) The other subsidiaries, Woodcats International, Arosa Limited and Marnock LLC are not listed on the Junior Market of the JSE and are subject to payment of full income tax.

(n) Borrowing; borrowing cost and interest

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

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

(o) Share capital, dividends and distributions

Shares

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

Dividends

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

Distributions

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

(p) Earnings per share

Basic earnings per share ("EPS") are calculated by dividing the net income attributable to the shareholders by the weighted average number of ordinary shares outstanding during the reporting period. The Calculation of earnings per ordinary share is based on the Group and Company net profit attributable to shareholders divided by the weighted average number of ordinary shares of 4,533,360,670 (2021 – 2,853,360,670). New shares were issued and listed on the Junior Market of the Jamaica Stock Exchange on February 23, 2021 given the successful Additional Public Offer.

3. SEGMENTAL FINANCIAL INFORMATION

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

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

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

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

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

(iii) Other operations – manufacturer of flavours and fragrances, wooden pallets and wholesaling retailing of Foods in New York. On September 6, 2018, the Company acquired 100% shareholding in Woodcats International Limited (WIL), a manufacture of wooden pallets and by products of wood such as mulch. The directors classified the operations of this entity under the 'other operations' segment.

(iv) On January 10. 2022, DTL acquired 100% of Spicy Hill Farms Limited and has entered the manufacturing space of the range of spices.

(v) On April 1, 2022, DTL acquired 100% of Arosa Limited and has entered the food service space with products from the meat processing facilities, wine and cheese distribution and purveyors.

Segmental Financial Information

		The Group 2024		
	Distribution	Sampars Outlets	Other Operations	Total
	$'000	$'000	$'000	$'000
Revenue from external customers	1,218,299	1,312,666	1,028,723	3,559,688
			-	-
Depreciation	21,697	50,509	30,337	102,543
Depreciation - right of use	26,425	56,321	29,073	111,819
				-
Current Liabilities	2,294,029	1,394,741	385,254	4,074,024
				-
Current Assets	4,202,491	2,467,511	1,080,303	7,750,305

		The Company 2024	
	Distribution	Sampars Outlets	Total
	$'000	$'000	$'000
Revenue from exteernal customers	1,218,299	1,312,666	2,530,965
			-
Depreciation	21,697	50,509	72,206
Depreciation - right of use	26,425	56,321	82,746
			-
Current Liabilities	2,294,029	1,394,741	3,688,770
			-
Current Assets	4,202,491	2,467,511	6,670,002

4. JOINT OPERATIONS

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

5. INVESTMENT IN SUBSIDIARIES

As at March 31, 2024, the Company has holdings as follows:

- Caribbean Flavours and Fragrances Limited - 65.02%
- Woodcats International Limited - 100%
- Marnock LLC and Marnock Retail – 80% and 100% respectively.
- Spicy Hills Farms Limited – 100%
- Arosa Limited – 100%

6. INCOME TAX

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

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

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

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

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

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

The recent Additional Public Offering which increased the Company's capital beyond the allowable $500 million threshold. As a result, the company does not qualify to claim the 50% remission of Income Tax which means that the taxation payable is at the normal 25% rate.

7. LEASE LIABILITY

Right-of-use Assets, blended principal and interest payments (rent payments) are made monthly in the amount of $24,811,000 interest is charged at 7.25%, maturing in 2039.

Principal amounts payable:

Current portion	$ 189,432,
Long-term	$1,550,612
Total	$1,740,044

DERRIMON TRADING COMPANY LIMITED

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

March 31, 2024

Top (10) Stockholders	Number of Shares Held
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	246,723,085
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	89,673,833
Winston Thomas	59,801,180
ATL Group Pension Fund Trustees Nom Ltd	56,349,216

DERRIMON TRADING COMPANY LIMITED

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

March 31, 2024

Directors	**Number of Shares Held**
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	**Number of Shares Held**
Sheldon Simpson	2,591,358