PRO APO is BACK! N

Proven Investments Limited Prospectus

ADDITIONAL PUBLIC OFFER OF ORDINARY SHARES

Dated as of December 23, 2020

Registered by the Registrar of Companies on December 24, 2020
Registered by the Financial Services Commission on December 28, 2020

PROSPECTUS

by

PROVEN
Investments Limited

INVITATION TO THE PUBLIC FOR SUBSCRIPTION

of 89,416,037 New Ordinary Shares
(with the ability to upsize to a maximum of 134,124,037 New Ordinary Shares)

including

(a) 67,676,767 Reserved Shares as follows:
Key Investors – 45,454,545 Reserved Shares and
Existing Shareholders – 22,222,222 Reserved Shares

and

(b) 21,739,270 non-Reserved Shares

at a subscription price of

Non-Reserved Share Applicants	Existing Shareholders	Key Investors
US$0.2300/J$33.50 per New Ordinary Share	US$0.2250/J$32.80 per New Ordinary Share	US$0.2200/J$32.10 per New Ordinary Share

Payable in full on Application.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 372 (3) of the Companies Act 2004 and was so registered on **December 24, 2020**. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. The Company has been registered with the Financial Services Commission with respect to the New Ordinary Shares pursuant to section 26 (1) of the Securities Act. A copy of this Prospectus was also delivered to the Financial Services Commission for registration pursuant to section 26 of the Securities Act and was so registered on **December 28, 2020**. The Financial Services Commission has not approved the New Ordinary Shares for which subscription is invited nor has the Commission passed upon the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence under the laws of Jamaica.

This offering is being made in Jamaica as a public offering of securities in accordance with the Companies Act, 2004 as amended and the Securities Act 1999 as amended. These securities may be offered to, purchased or otherwise acquired by prospective investors organized or resident in Jamaica without restriction. This offering is not being made in any jurisdiction in which the offer to sell these securities to, or a solicitation of an offer to buy these securities from, any person would violate the securities or other relevant laws of such jurisdiction.

The Directors whose names appear in Section 6 of this Prospectus have seen and approved this Prospectus and accept full responsibility, collectively and individually, for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

WEBSITE	EMAIL	TELEPHONE	ADDRESS
www.weareproven.com	info@weareproven.com	1-876-908-3800-1	**Registered Office:** 20 Micoud Street, Castries, St. Lucia **Mailing Address** (for purposes of the Invitation): c/o PROVEN Management Limited, Suite 5, 53 Lady Musgrave Road, Kingston 5, Jamaica.

Table of Contents

SUMMARY OF THE INVITATION

The following summary information is derived from and should be read in conjunction with, and is qualified in its entirety by, the full text of this Prospectus, including the Appendices. You are advised to read this entire Prospectus carefully before making an investment decision about the Invitation. Your specific attention is drawn to the Risk Factors in Sections 11 and 12 of this Prospectus and the Disclaimer and Note on Forward-Looking Statements in Section 1 of this Prospectus.

You should consult your stockbroker, licensed investment advisor, attorney-at-law, accountant or other professional advisor if you have any questions arising out of this Prospectus or if you require any explanation.

ISSUER:	**PROVEN INVESTMENTS LIMITED ("PIL" or the "Company")** 20 Micoud Street, Castries, St. Lucia Email: info@weareproven.com | Website: www.weareproven.com
SIZE OF ISSUE:	89,416,037 New Ordinary Shares, apportioned between: a. Key Investors: 45,454,545 New Ordinary Shares b. Existing Shareholders: 22,222,222 New Ordinary Shares c. Non-Reserved Share Applicants: 21,739,270 New Ordinary Shares provided that the number of New Ordinary Shares available for subscription in the Invitation may be increased by a maximum of 44,708,000 New Ordinary Shares, for a maximum total offering size of 134,124,037 New Ordinary Shares.
DESCRIPTION OF SECURITIES BEING ISSUED:	New ordinary shares of US$0.01 par value in the capital of the Company ranking pari passu in all respects with the Existing Ordinary Shares upon issue. The Company will apply to the JSE to have the New Ordinary Shares that are issued pursuant to the Invitation listed on the USD and Main Markets of the JSE.
SUBSCRIPTION PRICE:	a. US$0.2200 or J$32.10 per New Ordinary Share for Key Investors, b. US$0.2250 or J$32.80 per New Ordinary Share for Existing Shareholders, c. US$0.2300 or J$33.50 per New Ordinary Share for Non-Reserved Share Applicants payable in full on Application using an Approved Payment Method.
MINIMUM SUBSCRIPTION AMOUNT/MULTIPLES	Applications must request a minimum of 1,000 New Ordinary Shares. Applications above this amount shall be in multiples of 100 New Ordinary Shares.

EXPECTED TIMETABLE OF THE INVITATION

Publication of Prospectus	By December 31, 2020
Invitation Opens	January 8, 2021
Invitation Closes	January 29, 2021
Announcement of Basis of Allocation	Within 6 clear Business Days of the Closing Date
Refunds of subscription amounts (if applicable)	Within 10 clear days of the Closing Date
Listing of New Ordinary Shares on the JSE	February 26, 2021 (estimated)

The above timetable is indicative and will be implemented on a best efforts' basis, with the Directors however reserving the right (in consultation with the Lead Broker & Listing Agent) to change the dates that the Invitation opens and closes, or to temporarily suspend or withdraw the invitation without accepting any Applications, based on market conditions and other relevant factors. If the Closing Date changes, the remaining dates will also change in accordance with the Rules of the JSE.

Notice of any changes in the above dates for the opening or closing of the Invitation or of any suspension or withdrawal of the Invitation will be given as soon as reasonably practicable via a press release and by posting a notice on the website of the Jamaica Stock Exchange at www.jamstockex.com, and at the Company's website at www.weareproven.com.

CHAIRMAN'S STATEMENT TO PROSPECTIVE APPLICANTS

PIL welcomes your interest in participating in our return to the equity market after what has been an extremely challenging time for all of us. In March 2020, we opened what was our first unrestricted offering of ordinary shares to the public, but we decided to suspend the offering due to the onset of the COVID-19 pandemic, the first reported case of which was reported in Jamaica the day before it opened, and the subsequent upheaval in the lives of our investing public and in the financial markets generally.

We have been fortunate to have weathered the storm much better than feared and there are strong indications that the timing is again right for us to expand our shareholder base and give as wide a group of equity investors as is possible the opportunity to participate in the future of the Company, as we seek to raise additional capital to deploy in execution of our business strategies.

You will recall that our journey started in 2010 when we raised US$20 million by way of a private placement of ordinary shares, and later that year, an additional US$9.7 million by a rights issue of additional ordinary shares. In July 2011, our ordinary shares were listed by introduction as the first listed ordinary shares on the USD Market of the JSE. We have subsequently raised additional funding through rights issues of ordinary shares, preference share issues, and debt issues.

The capital we have raised to date has allowed us to continue on a journey that has seen us return both healthy dividends and capital appreciation to our shareholders, through a focused, risk-based approach to investing and managing our capital. The benefit of pursuing this approach has been borne out by the extent to which we have been able to overcome the economic storm triggered by the global COVID-19 pandemic. Our team remains committed to the original mission of pursuing opportunities, wherever we find them, to generate an above-average, sustainable return on our investments for the ultimate benefit of our shareholders. From a single entity at inception in 2010, we now hold a substantial portfolio of investments in Jamaica, the Cayman Islands, St. Lucia and beyond, including our holdings in subsidiaries and associated companies, and generated net profit attributable to shareholders of US$29.98 million as at our last financial year ending March 31, 2020.

As a private equity firm, our business model necessarily involves tapping the capital markets from time to time to obtain funding to pursue and execute these opportunities, and on this occasion, we have elected to structure this Invitation as a public offering of ordinary shares in Jamaica. Consistent with our mission over the last ten years of operations, we intend to use the net proceeds of the Invitation to strengthen our capital base and enable us to continue to pursue and execute those investment opportunities that we determine offer the best prospects of meeting our investment targets and satisfy all of our investment criteria. While we are more likely to seek investments in our core areas of expertise, such as financial services, we remain alert to take advantages of opportunities as they arise, and, as we have in the past, will continue to regularly consider investments in the real sector.

We are therefore pleased to extend this invitation to you, whether for the first time, or as an existing shareholder, to participate in this exciting journey of creating long-term value for our investors and playing our role in growing the economies of the jurisdictions in which we invest.

Yours sincerely,

HON. HUGH C. HART, O.J.
CHAIRMAN
PROVEN INVESTMENTS LIMITED

1. DISCLAIMER & ADVISORY ON FORWARD-LOOKING STATEMENTS

DISCLAIMER

Neither the FSC nor any Governmental agency or regulatory authority or stock exchange in Jamaica has made any determination on the accuracy or adequacy of this Prospectus.

(a) This Prospectus has been reviewed and approved by the Directors of PIL and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief:

(i) the information is true and accurate in all material respects and is not misleading in any material respect,

(ii) any opinions, predictions or intentions expressed herein on the part of PIL are honestly held or made and are not misleading in any material respect

(iii) that all proper inquiries have been made to ascertain and to verify the foregoing, and

(iv) this Prospectus does not contain any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they are made, not misleading.

(b) By submitting an Application, each Applicant acknowledges and agrees that:

(i) they have received and have been afforded a meaningful opportunity to review all additional information considered by them to be necessary to verify the accuracy of the information contained in this Prospectus;

(ii) they have not relied on PIL, the Investment Manager, the Arranger/Lead Broker, the legal or other professional advisors to PIL or any persons affiliated either with PIL or the Investment Manager in connection with their investigation of the accuracy of such information or investment decision; and

(iii) no person has been authorized to give information or to make any representation concerning PIL or the Invitation comprised in this Prospectus or the securities intended to be issued pursuant thereto or to provide information or to make any representation whatsoever in connection with this Prospectus (other than as contained in this Prospectus and information given by duly authorized officers and employees of the Investment Manager in connection with the Applicant's verification of the information contained in this Prospectus) and that, if given or made, such other information or representation should not be relied upon as having been authorized by PIL or the Investment Manager.

(c) Neither the delivery of this Prospectus nor the offering, sale or allotment of any New Ordinary Shares hereunder shall under any circumstances imply that there has been no change in the business, results of operations, financial condition or prospects of PIL since the date of this Prospectus.

(d) This Prospectus does not constitute a recommendation by PIL that prospective Applicants should submit Applications for New Ordinary Shares. In making an investment decision, persons intending to apply to purchase the New Ordinary Shares are expected to make their own investigation and assessment of PIL and the terms of the Invitation herein, including the merits and risks involved.

(e) No representation or warranty, expressed or implied, is made by the Investment Manager or the Arranger or by the legal or other professional advisors to the Investment Manager or PIL as to the accuracy or completeness of the information set forth herein including, without limitation, information in respect to PIL and nothing contained in this Prospectus is, or shall be relied upon, as a promise or representation by them, whether as to the past or future. The Investment Manager and their legal and other professional advisors have not independently verified any such information and assume no responsibility for its accuracy or completeness.

(f) This Prospectus contains summaries believed to be accurate with respect to certain terms of certain documents, but where copies of such documents are made available for inspection by potential Applicants in accordance with Section 16 hereof, reference should be made to the actual documents (upon request made to PIL or the Investment Manager) for complete information with respect thereto, and all such summaries are qualified in their entirety by such complete information. Prospective Applicants are not entitled to rely on parts of information contained in this Prospectus to the exclusion of other parts of this Prospectus.

(g) Each Applicant should consult with its own advisors as to the legal, tax, business, financial and related aspects of subscribing for the New Ordinary Shares in this Invitation. Notwithstanding the inclusion in this Prospectus of such information in respect thereof as the Directors believe to be accurate, neither the Investment Manager nor their legal or other professional advisors nor PIL, or any of their respective representatives, is making any representation or providing any advice to any Applicant or any other person regarding legal, tax, business, financial and related aspects of any person's subscription for the New Ordinary Shares in this Invitation.

(h) This Prospectus is intended to be used in Jamaica only, and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any of the New Ordinary Shares. The distribution of this Prospectus and the offering of the New Ordinary Shares in certain jurisdictions is restricted by law. PIL and the Investment Manager require that Applicants and anyone who receives this Prospectus inform themselves about and observe such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, any offer to, or solicitation by, anyone in any jurisdiction in which, or to or by any person whom, such offer or solicitation would be unlawful.

ADVISORY ON FORWARD LOOKING STATEMENTS

(a) Certain matters discussed in this Prospectus, including without limitation the discussions of future plans and financial projections for the PROVEN Group, contain forward looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made and are based on assumptions or predictions of the future which may not necessarily come true. Although in making any such statements, the Directors of PIL believe that their expectations are based on reasonable assumptions or predictions, any such statement may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Applicants are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

(b) Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". When used in this Prospectus, such words and similar expressions, as they relate to the PROVEN Group and its business, or actual or intended business relationships, are intended to identify those forward-looking statements. By their very nature, forward-looking statements require the maker thereof to make assumptions and are subject to numerous inherent risks and uncertainties, which give rise to the possibility that (i) such predictions, forecasts, projections, expectations or conclusions as contained in such statements will not prove to be accurate, (ii) that these assumptions may not be correct and (iii) that these forward-looking statements will not be achieved.

(c) All phases of our business are subject to important uncertainties, risks and other influences, certain of which factors are beyond PIL's control. Any one of these factors, or a combination of them, could cause actual results to differ materially from those in forward-looking statements. These factors include, without limitation, the following:

(i) economic, social and other conditions in any jurisdiction in which the PROVEN Group may invest, including actual rates of economic growth in such economies, local, regional or global instability, interest rate or exchange rate volatility;

(ii) adverse climatic events, natural disasters, the outbreak of a pandemic or the effects of the existing COVID-19 pandemic;

(iii) PIL's ability to gain access to capital financing at an acceptable cost, or business opportunities that meet PIL's investment criteria;

(iv) changes in regulatory policy in one or more of the jurisdictions in which the PROVEN Group operates which adversely affect the business model expected to be employed by those members of the PROVEN Group who are subject to such regulations, thereby having an impact on revenues or expenses of the Group;

(v) any other factor negatively impacting on the realisation of the assumptions on which PIL's financial projections are based, and

(vi) other factors identified in this Prospectus

(d) The foregoing list of risk factors is not exhaustive and other factors not set out above could also adversely affect our results. When relying on our forward-looking statements to make decisions with respect to us, Applicants and others should carefully consider the foregoing factors and other uncertainties and potential events, including the Risk Factors specifically set out in Sections 11 and 12.

(e) Once this Prospectus has been signed by or on behalf of PIL, PIL undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the PROVEN Group's anticipated financial or actual or anticipated regulatory position, or to reflect the occurrence of unanticipated events.

2. DEFINITIONS

In this Prospectus, the following words and phrases shall, unless the context otherwise requires, be read and construed as having the following meanings:

"Allotment"	the allocation and issuance of New Ordinary Shares to successful Applicants
"Applicant"	the person (whether an individual(s), company or other legal entity) by whom an Application is made.
"Application"	a duly completed application to subscribe for New Ordinary Shares in the Invitation made by a person who may lawfully participate in the Invitation, made: (a) using an Application Form delivered to the Lead Broker or any of the Selling Agents, or (b) using IPO Pro, the Lead Broker's online application portal accessed via **ipopro.com**, or (c) using any other approved online application portal used by an appointed Selling Agent for the Invitation together with payment in full of the Subscription Price for the amount of New Ordinary Shares subscribed, using an Approved Payment Method and otherwise in compliance with the application procedures set out in Section 18 of this Prospectus.
"Application Form"	the prescribed Application Form enclosed with this Prospectus or available for download at **www.weareproven.com** or **www.jamstockex.com**.
"Approved Payment Method"	Any of the methods of payment described in Section 18 of this Prospectus required to be used by Applicants in effecting payment of the Subscription Price.
"Arranger"	means PROVEN Wealth Limited
"Business Day"	means a day other than a Saturday, Sunday or public general holiday in Jamaica on which banks are generally open for banking business.
"CARICOM Double Taxation Treaty"	The Agreement among the Governments of the Member States of the Caribbean Community for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, Profits or Gains and Capital Gains and for the Encouragement of Regional Trade and Investment.
"Closing Date"	the date of closing of the Invitation as set forth in Section 3 of this Prospectus, (subject to such early closure or extension as the Directors may determine).
the "Company", or "PIL"	PROVEN Investments Limited, a company duly incorporated under the International Business Companies Act of St. Lucia (Chapter 12.14), and having its registered office at 20 Micoud Street, Castries, St. Lucia.
the "Companies Act"	The Companies Act 2004 of Jamaica, as amended
"Designated Account"	an account at a commercial bank, merchant bank or licensed securities dealer in Jamaica held in the name(s) of the Applicant(s) (including such accounts as are jointly held by the Applicant(s) with other persons), the particulars of which are provided by the Applicant(s) in the Application Form.
"Directors"	the Directors of the Company
"Existing Ordinary Shares"	The 625,307,963 ordinary shares of US$0.01 par value in the capital of the Company in issue as at the date of this Prospectus and which are listed on both the USD Market and the Main Market of the JSE.

"Existing Shareholders"	The registered holders of the Existing Ordinary Shares as recorded in the share registry records of the Company as at the date of this Prospectus.
"Existing Shareholders Pool"	22,222,222 New Ordinary Shares reserved for Existing Shareholders not already participating as Key Investors.
"FSC" or "Commission"	the Financial Services Commission, duly established and existing under the Financial Services Commission Act of Jamaica 2001, as amended.
The "Group" or "PROVEN Group"	The group of companies comprised of PIL and its subsidiaries as shown in Section 5 of this Prospectus. A complete list of the companies within the Group as at March 31, 2020 can also be found at Note 1 of the Audited Financial Statements.
"Hurdle Rate"	means a percentage return on PIL's average equity in each financial year, set annually at the 12 Month LIBOR rate prevailing at the beginning of the financial year plus 200 basis points ("bps"), with a permanent ceiling of 6%.
"IBC"	an International Business Company incorporated pursuant to the IBC Act.
"IBC Act"	the International Business Companies Act of St. Lucia (Chapter 12.14)
"Investment Manager"	PROVEN Management Limited ("PML"), a company duly incorporated under the Companies Act of Jamaica 2004 as amended.
"Invitation"	The invitation for subscription for the New Ordinary Shares contained in this Prospectus.
"J$", "JMD"	dollars denominated in the lawful currency of Jamaica
"JSE"	Jamaica Stock Exchange
"Key Investors"	Prospective Applicants, being persons subscribing for New Ordinary Shares at the applicable Subscription Price and each paying an aggregate subscription amount of not less than J$75,000,000 or US$500,000 who (a) are institutional investors (including Existing Shareholders) legally capable of participating in the Invitation and (b) as at the Opening Date are considered by the Board as Key Investors.
"Key Investors Pool"	45,454,545 New Ordinary Shares reserved for Key Investors
"Lead Broker"	Proven Wealth Limited
"12-month LIBOR rate"	means the rate for 12-month US Dollar inter-bank deposits published by the British Bankers' Association (as to which the Investment Manager's determination thereof shall, in the absence of manifest error, be final and binding on the Company)
"New Ordinary Shares"	Up to 134,124,037 ordinary shares (if the Invitation is fully upsized) of US$0.01 par value in the capital of the Company available for subscription in the Invitation, which upon issue will rank pari passu in all respects with the Company's Existing Ordinary Shares.
"Non-Reserved Share Applicants"	Applicants who are neither Key Investors nor Existing Shareholders
"Non-Reserved Shares"	The total number of New Ordinary Shares available for subscription in the Invitation, less the Reserved Shares
"Opening Date"	the date on which the Invitation opens, being January 8, 2021, or such other date as may be determined by the Directors, having regard to the Rules of the JSE.
"Registrar"	means Jamaica Central Securities Depository Limited.

"Reserved Shares"	Up to 67,676,767 New Ordinary Shares in the Invitation which are specifically reserved for Applications from Reserved Share Applicants at the Subscription Prices as follows: (i) the Key Investor Pool – 45,454,545 New Ordinary Shares (ii) the Existing Shareholder – 22,222,222 New Ordinary Shares
"Selling Agents"	Each of the licensed securities dealers listed as Selling Agents in Section 4 of this Prospectus, together with any other licensed securities dealers as the Company may subsequently specify by notice on the JSE's website and on its website.
"Subscription Price"	a. US$0.2200 per New Ordinary Share (if paying in USD) or J$32.10 (if paying in J$) per New Ordinary Share for Key Investors. b. US$0.2250 per New Ordinary Share (if paying in USD) or J$32.80 (if paying in J$) per New Ordinary Share for Existing Shareholders c. US$0.2300 per New Ordinary Share (if paying in USD) or J$33.50 (if paying in J$) per New Ordinary Share for Non-Reserved Share Applicants.
"Terms of Issue of the New Ordinary Shares"	The terms of the issue of the New Ordinary Shares set out at Appendix 1 to this Prospectus.
"US$" or "USD"	Dollars denominated in the lawful currency of the United States of America

3. THE INVITATION

The Company invites applications for subscriptions from the public in Jamaica in respect of a maximum of 134,124,037 New Ordinary Shares to be issued by the Company, at a Subscription Price of:

Non-Reserved Share Applicants	Existing Shareholders	Key Investors
US$0.2300/J$33.50 per New Ordinary Share	US$0.2250/J$32.80 per New Ordinary Share	US$0.2200/J$32.10 per New Ordinary Share

The New Ordinary Shares will, upon issue, rank *pari passu* in all respects with the Company's Existing Ordinary Shares. The Invitation will be initially in respect of 89,416,037 New Ordinary Shares apportioned among the following pools:

a. Key Investors: 45,454,545 New Ordinary Shares

b. Existing Shareholders: 22,222,222 New Ordinary Shares

c. Non-Reserved Share Applicants: 21,739,270 New Ordinary Shares

The Directors may, but shall not be obliged to, elect to upsize the number of New Ordinary Shares made available for subscription by no more than 44,708,000 additional New Ordinary Shares in the event the Invitation is, or in the opinion of the Arranger, is likely to be oversubscribed.

In the event that any of the above pools is undersubscribed, all Applicants in such category will be allocated 100% of the New Ordinary Shares for which such Applicant applied. Unallocated New Ordinary Shares in such category(ies) will be allocated to such pool(s) where Applications have been received for New Ordinary Shares in excess of the stated amount allocated in such pool(s).

The application list will open at 9:00 a.m. on January 8, 2021 (the "Opening Date") and will close at 4:00 p.m. on January 29, 2021 or such other date as may be fixed by the Board (the "Closing Date").

The New Ordinary Shares are intended be allotted on a 'first come, first served' basis, subject to paragraph 9 of Section 18 of this Prospectus. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date, and will be deemed to have been received at the commencement of the Invitation.

The Company reserves the right to:

(a) close the application list at any time without prior notice if Applications have been received prior to the Closing Date for the full amount of the respective New Ordinary Shares offered, or extend such closing beyond the above-mentioned date.

(b) suspend the acceptance of Applications at any time without prior notice after the opening of the application list for such period as the Directors shall determine; or

(c) withdraw the Invitation at any time without prior notice after the opening of the application list and close the application list without accepting any Applications, in which event any Subscription Price paid by Applicants shall be refunded in full in the currency in which it was paid

In any of the above cases, the Company will provide notice as soon as reasonably practicable via a press release and by posting a notice on the website of the Jamaica Stock Exchange at www.jamstockex.com and at the Company's website at **www.weareproven.com**.

Each Application for the New Ordinary Shares must be for a minimum of 1,000 New Ordinary Shares, and amounts above this shall be in multiples of 100 New Ordinary Shares.

Applications for New Ordinary Shares should be made on either (i) the Application Form provided with this Prospectus and available for download at **www.weareproven.com** or **www.jamstockex.com** or (ii) via IPO PRO, the Lead Broker's online application portal accessed at **www.ipopro.com**.

Details of the procedure for applying for the New Ordinary Shares, including supplemental documents to be provided by each Applicant, and the terms and conditions of the Invitation are set out in Section 18 of this Prospectus and on both the Application Form and **www.ipopro.com**.

Completed Applications must be received by 4:00 p.m. on the Closing Date. Each Application must be accompanied/ supported by payment for the full amount payable in respect of the Subscription Price by an Approved Payment Method in the applicable currency. Application Forms may be delivered to any one of the locations listed in Appendix 6 of this Prospectus entitled "Locations Where Application Forms May Be Submitted".

Upon the issue of the New Ordinary Shares, the Company intends to have the New Ordinary Shares listed on the USD Market and the J$ Main Market of the JSE, and the Company intends to apply for such listing promptly after the close of the Invitation, but this statement is not to be construed as a guarantee that the New Ordinary Shares will be so listed.

KEY INVITATION STATISTICS

Number of Existing Ordinary Shares in issue at the date of this Prospectus	625,307,963
Maximum number of New Ordinary Shares to be issued by the Company pursuant to the Invitation	134,124,037 (if fully upsized)
Number of issued ordinary shares immediately following completion of the Invitation (assuming all New Ordinary Shares subscribed for and issued, without any upsizing)	714,724,000
Number of issued ordinary shares immediately following completion of the Invitation (assuming all New Ordinary Shares – including maximum upsize amount - subscribed for and issued)	759,432,000
New Ordinary Shares as a percentage of the issued ordinary shares immediately following completion of the Invitation (assuming all New Ordinary Shares subscribed for and issued)	If not upsized: 12.510% If fully upsized: 17.661%
New Ordinary Shares available as a percentage of the Existing Ordinary Shares in issue as at the date of this Prospectus	(assuming 134,124,037 New Ordinary Shares): 21.45% (assuming 89,416,037 New Ordinary Shares): 14.30%
Percentage of the New Ordinary Shares represented by each of the Pools (assuming no upsizing)	Key Investors Pool: 50.834% Existing Shareholders Pool: 24.853% Non-Reserved Pool: 24.313%
Minimum number of New Ordinary Shares that may be applied for	1000, with multiples of 100 additional New Ordinary Shares
Maximum gross proceeds of the Invitation	US$30,282,871 (being the USD equivalent of the aggregate of the gross proceeds in USD and JMD and assuming Invitation is fully upsized)
Estimated expenses of the Invitation (fees for professional advisers and auditors, brokerage fees, listing fees, Selling Agents' fees, marketing expenses, JCSD and regulatory fees)	An aggregate amount not exceeding 3% of the amount sought to be raised in the Invitation
Estimated maximum net proceeds of the Invitation	US$29,374,000 (using the USD equivalent of the aggregate of the gross proceeds in USD and JMD and assuming Invitation is fully upsized)

REASONS FOR INVITATION AND USE OF PROCEEDS

PIL is a private equity firm whose primary strategy is to acquire, grow and extract value from its portfolio of investments. Our fundamental objective is to continue to provide above average returns over the medium to long term for PIL's investors.

As evidenced by our track record of successfully executed offerings of additional ordinary shares via rights issues and of preference shares, we routinely raise additional capital from time to time to strengthen our capital base, which in turn enables us to pursue our primary strategy. Our decision to raise additional capital at this time is consistent with this track record. We currently have an extensive pipeline of investments spanning our three primary business strategies which are either under review or at various stages of execution, and the net proceeds of the Invitation will give us the ability pursue these and other opportunities, while ensuring that the Company maintains a balanced capital structure.

TAXATION CONSIDERATIONS

The taxation discussion set out below is intended only as a descriptive summary and does not purport to be a complete technical analysis or listing of all potential tax effects to persons in Jamaica who subscribe for the New Ordinary Shares. It is based on current income tax law, which is subject to change from time to time. Applicants should consult with their tax advisors concerning issues including: the application of Jamaican income tax laws to them arising from an investment in the New Ordinary Shares; any consequences to them arising under the laws of any other taxing jurisdiction; and, where applicable, the availability for income tax purposes of a credit or deduction for Jamaican taxes.

PIL is incorporated in St. Lucia and domiciled there as an IBC, and it has elected to pay corporate income tax at the rate of 1% in that country. Under the CARICOM Double Taxation Treaty, based on that election, dividends paid by PIL are not taxable in other CARICOM states that are parties to the treaty (including Jamaica). Furthermore, St. Lucia does not currently tax distributions by St. Lucia IBC's to residents of other countries.

While the Directors intend to continue to manage the Company in such a manner as to ensure that its domicile for tax purposes remains in St. Lucia, they make no warranty, representation or undertaking in respect thereof.

4. PROFESSIONAL ADVISORS & SERVICE PROVIDERS TO THE INVITATION AND THE COMPANY

ARRANGER & LEAD BROKER	**PROVEN WEALTH LIMITED** 7 Haining Road Kingston 5 Website: **provenwealth.com** **Contact Person:** Luwanna Williams *Assistant Vice President – Corporate Finance* *PROVEN Wealth Limited* Telephone: 876.908.3800-1 Email: lwilliams@provenwealth.com	
ATTORNEYS TO THE COMPANY	**HART MUIRHEAD FATTA** 2nd Floor, Victoria Mutual Building 53 Knutsford Boulevard Kingston 5 Website: **www.hmf.com.jm** Telephone number: 876.929.9677 Email: info@hmf.com.jm	
AUDITOR	**KPMG** Chartered Accountants 204 Johnsons Centre #2 Bella Rosa Rd Gros Islet, St. Lucia, W.I. Telephone: 1 758.453.2298 Email: ecinfo@kpmg.lc	
REGISTRAR & TRANSFER AGENTS	**JAMAICA CENTRAL SECURITIES DEPOSITORY LIMITED** 40 Harbour Street Kingston Website: **www.jamstockex.com** Telephone number: 876.967.3274	
SELLING AGENTS	See Appendix 6 for list of appointed selling agents and their locations.	

5. DESCRIPTION OF THE COMPANY & ITS ACTIVITIES

PIL was incorporated in St. Lucia on November 25, 2009 as an IBC. Its registered office is located at McNamara Corporate Services Inc., 20 Micoud Street, Castries, St. Lucia. PIL has not established a place of business in Jamaica. Its assets and operations are managed by the Investment Manager, PROVEN Management Limited, a company incorporated in Jamaica and licensed by the FSC. PIL aims to provide its shareholders with the benefits of the prospect of US$ dividend payments and a tax-efficient investment asset. Our current corporate structure is set out below.

PIL commenced operations in February 2010 when it successfully raised US$20 million in equity capital in the Jamaican market through its fully subscribed private placement of ordinary shares. This private placement was one of the largest private or public US Dollar equity offerings in the history of Jamaica's capital market at that time. Since then, PIL has gone on to successfully raise funding to support the execution of its business strategies, raising over US$67 million via additional issues of ordinary and preference shares and over US$200 million in debt securities.

As a publicly listed company, PIL continues to be bound by and adheres to the financial reporting and corporate governance requirements of the JSE applicable to listed companies. PIL's ordinary shares were listed on the Jamaica Stock Exchange ("JSE") in July 2011, pioneering the JSE's USD Market for ordinary shares. These shares were later cross-listed on the JMD dollar-denominated Main Market of the JSE in 2015. All subsequent ordinary and preference share issues have also been listed on the JSE.

PIL's current capital structure is set out below, as well as (i) a table showing the growth in its issued shares over the years arising from various offerings conducted via the JSE, beginning with its private placement in 2010 and (ii) additional information on the ownership of its Existing Ordinary Shares.

HISTORY OF CHANGES TO CAPITAL STRUCTURE

DATE	EVENT	SHARES ISSUED
January 2010	Private placement via exempt distribution	200,000,000 ordinary shares having US$0.01 par value
July 2010	Rights issue conducted as a Private placement via exempt distribution	94,951,884 ordinary shares having US$0.01 par value
December 2011	Offering to existing members only	200,000,000 cumulative redeemable 8% preference shares having US$0.01 par value and maturing 2016 (redeemed)
May 2014	Rights Issue	73,737,971 ordinary shares having US$0.01 par value
April 2015	Rights issue & conditional offer to existing shareholders	182,905,922 ordinary shares having US$0.01 par value
December 2016 – January 2017	Public offering	400,000,000 cumulative redeemable 8.25% preference shares having US$0.01 par value and maturing 2021 (redeemed)
July 2017	Rights issue	73,712,186 ordinary shares having US$0.01 par value

CURRENT CAPITAL STRUCTURE

CLASS	AUTHORISED	ISSUED UNITS	AUTHORIZED CAPITAL
ORDINARY SHARES HAVING US$0.01 PAR VALUE	2,999,990,000	625,307,963	US$29,999,900.00
MANAGER'S PREFERENCE SHARES HAVING US$0.01 PAR VALUE	10,000	10,000	US$100.00
CUMULATIVE REDEEMABLE PREFERENCE SHARES HAVING US$0.01 PAR VALUE	1,000,000,000	nil	US$10,000,000.00

SHAREHOLDINGS OF ORDINARY SHARES IN THE EVENT THE INVITATION IS UPSIZED

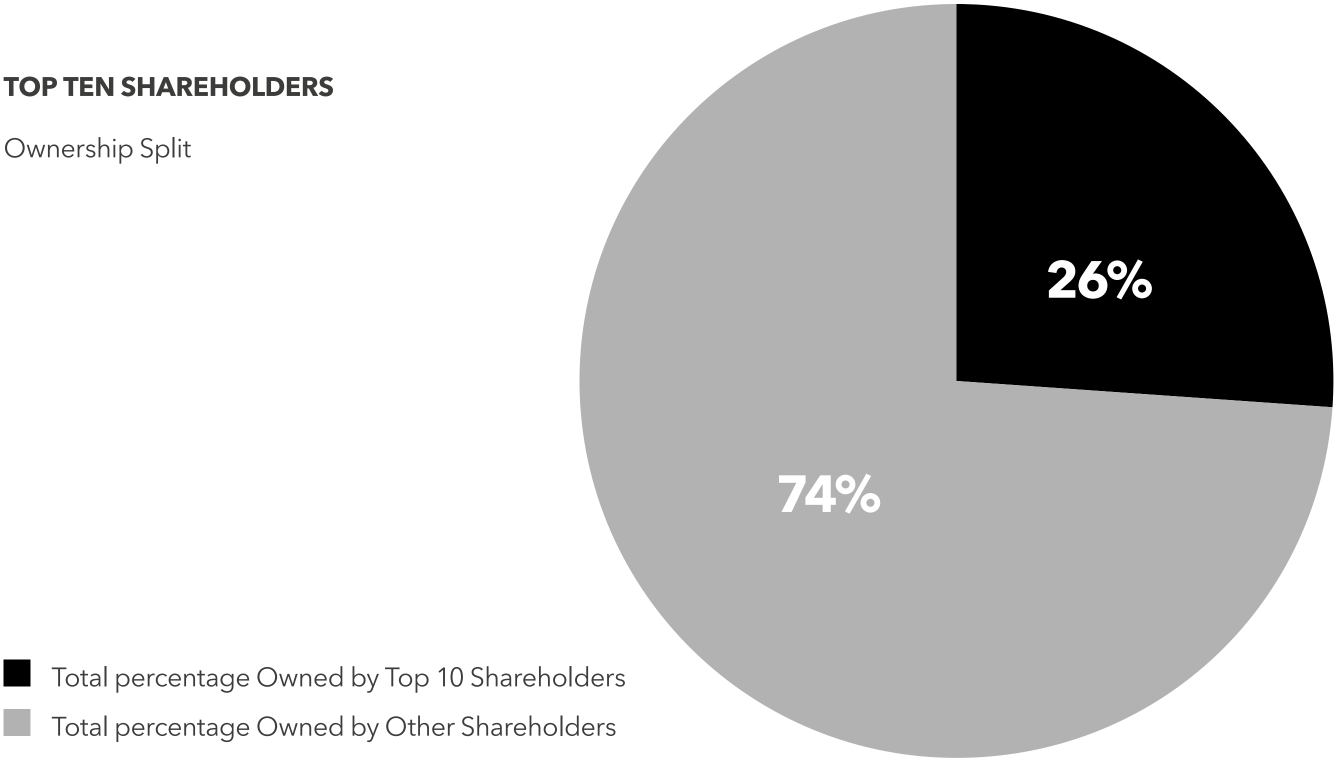
DESCRIPTION	NUMBER OF SHARES
ISSUED SHARES	625,307,963
NON-RESERVED SHARE APPLICANTS	66,447,270
KEY INVESTORS	45,454,545
EXISTING SHAREHOLDERS	22,222,222
TOTAL	759,432,000

TOP TEN SHAREHOLDERS AS AT SEPTEMBER 30, 2020

	PRIMARY ACCOUNT HOLDER	VOLUME	PERCENTAGE
1	BARITA INVESTMENT LTD-LONG A/C (TRADING)	31,265,399	5.0000%
2	PETER BUNTING	30,087,130	4.8116%
3	MARCO MIRET	16,309,146	2.6082%
4	OZYMANDIAS LIMITED	15,085,706	2.4125%
5	PELICAN INVESTMENT COMPANY	14,172,821	2.2665%
6	ALYDAR LIMITED	12,926,511	2.0672%
7	MABET HOLDINGS	11,183,608	1.7885%
8	CHRISTOPHER C. WILLIAMS	10,784,952	1.7247%
9	TAJEBE LIMITED	10,238,097	1.6373%
10	WINSTON HEPBURN	10,046,344	1.6066%

TOP TEN SHAREHOLDERS

Ownership Split



At inception, PIL's primary business was the holding of tradable securities for investment purposes as well as the pursuit of private equity opportunities as they arise, provided they are consistent with the overall aims and objectives of the Company. Over time, our business strategy has been refined and updated to reflect PIL's evolution as a true private equity firm pursuing three distinct strategies:

- Private equity investments in the financial services sector and the real sector
- Real estate investment and development in the commercial and residential segments
- Treasury/Proprietary - This captures capital structure, cashflow and liquidity management which is structured around supporting the two other core strategies. The 'carry trade' portfolio is captured within this strategy and represents investments in a portfolio of highly liquid tradable securities, which provide adequate liquidity to assist in the funding of the execution of the private equity and real estate strategies as needed.

The Group currently holds a diverse portfolio of investments (including its ownership of its subsidiaries and shares in its associated companies) which it manages strategically to create and extract value for the ultimate benefit of its shareholders.

PIL's investment philosophy is rooted with the foremost objective of first preserving the capital of shareholders. Our investment selection process involves fundamental in-depth research and analysis, targeting investment opportunities that will provide added value and growth over a long-term horizon. In executing our private equity investment strategy, we maintain a conservative approach, consistent with our priority of capital preservation. Our ideal investment target will therefore have:

- a solid track record in their industry
- an established reputation and product
- a history of profitability
- viable expansion plans for the future

Corporate Structure

PROVEN Management Limited (PML)
[management company of PIL]

PROVEN Investments Limited (PIL)
domiciled in St. Lucia

- **PROVEN Wealth Limited (PWL)**
  100% Owned
- **International Financial Planning Jamaica Limited (Formery PROVEN Fund Managers Limited)**
  100% Owned
- **International Financial Planning (Cayman) Limited (IFP)**
  100% Owned
- **Real Properties Limited**
  100% Owned
- **PROVEN REIT Limited (PREIT)**
  100% Owned
- **PROVEN Holdings Limited**
  100% Owned
- **BOSLIL Bank Limited (BOSLIL)**
  75% Owned
- **Access Financial Services Limited (AFS)**
  24.72% Owned

PIL's ASSOCIATE COMPANIES

- **Dream Entertainment Limited**
  20% Equity Stake
- **JMMB Group Limited**
  20.01% Stake/
  Associate Holding

Company Profile

PROVEN-We Are EXTENSIVE

Operating under three distinct business strategies, namely

1. **Private Equity - Financial Services and Real Sector**
2. **Real Estate**
3. **Treasury/PIL Proprietary**

PROVEN is deliberate in its pursuit to identify and secure private equity opportunities that are consistent with its comprehensive and diversified business strategy and goals. This has given rise to its EXTENSIVE private equity holdings and subsidiary businesses, which continue to significantly contribute to its bottom line and to also provide diversity in its operations. PIL's expanded holdings are in:

The breakdown of our private equity investments is as follows:

PROVEN Wealth Limited ("PWL"):
Subsidiary company
100% shareholding

PWL is an integrated wealth, asset and funds management company operating in Jamaica. Formerly Guardian Asset Management Limited, PIL acquired the company in August 2010.

The PWL team has developed significant expertise in the areas of wealth and asset management, corporate finance, pension fund management and administration, unit trust management and financial advisory services generally. PWL also operates a cambio and is a licensed securities dealer and licensed broker member of the Jamaica Stock Exchange.

PWL successfully manages investments valued at over US$1 billion, whilst delivering consistent returns and expert advice in over two decades of operation for its individual and corporate clients.

Having merged operations with International Financial Planning Jamaica Limited, (previously named First Global Financial Services Limited, and thereafter PROVEN Fund Managers Limited) and consolidated the asset and pension and funds management and administration business lines in one entity, PWL is optimally poised to maintain its premium position in the financial services industry by more efficiently and seamlessly providing innovative wealth and funds management solutions designed and tailored for its clients.

Boslil Bank Limited ("Boslil"):
Subsidiary company
75% shareholding

Boslil is an international bank based in St. Lucia, offering a full suite of financial products and services to its customers, including multicurrency accounts, demand deposits, money market accounts, term deposit accounts and credit cards. Boslil is regulated by the Financial Services Regulatory Commission of Saint Lucia and conducts its business in accordance with internationally recognized principles of banking with correspondent banking relationships and financial/investment relationships with some of the safest and most reputable banks in the world. In addition to its base in St. Lucia, Boslil has representative offices in Panama and Uruguay.

Real Properties Limited ("RPL")
Subsidiary company
100% shareholding

RPL is a wholly owned St. Lucian IBC managed by our Jamaican subsidiary, PROVEN REIT Limited. Real Properties Limited is a real estate holding company that owns either directly or indirectly through its subsidiaries all the real estate investment assets developed under the PROVEN REIT brand. Our real estate development activities are focused on opportunities existing within both residential and commercial real estate in Jamaica and internationally. With an eye for lucrative real estate investment opportunities, the PROVEN REIT brand is known for its successful execution of several model residential developments in Jamaica. We have also been able to expand and diversify the commercial real estate portfolio through forging meaningful partnerships that align with the overall goal of value creation for the company's stakeholders.

Access Financial Services Limited ("AFSL"):
Associated company
24.72% shareholding

AFSL is one of the leading providers of personal and business loans to Jamaica's microfinance sector. AFSL operates through an island-wide retail network of twenty-four (24) branches. As part of its acquisitive growth strategy, in December 2018 the company expanded outside of Jamaica by acquiring Embassy Loans Inc., a Florida-based consumer finance company which offers auto equity loans throughout the state of Florida in the United States.

PIL initially acquired a 49.72% stake in AFSL at the end of 2014 and became its largest shareholder. After five years of above average growth the PIL Board decided to divest 50% of its holding in AFSL by a public offer for sale in September 2019, reducing its shareholding in the company to 24.72% currently. The partial sale of shares in AFSL represents a natural progression in the scope of our operations as we continually assess our positions (including the return on investment to date) amidst the opportunities and seek to maintain a diversified portfolio of investments.

International Financial Planning (Cayman) Limited ("IFP"):

Subsidiary company
100% shareholding

Acquired by PIL in August 2018, IFP was founded in 2000 and is a licensed securities dealer and independent financial planning company with offices in Bermuda, BVI and the Cayman Islands and total assets under management of approximately US$2.78M as at September 30, 2020. With a team of highly qualified advisors delivering a bespoke investment or savings strategy tailored to the needs and budget of its clients, IFP provides impartial and independent investment advice on a range of investment products and strategies best suited for individuals, corporates and trusts. Its product offerings include retirement planning, regular medium-term savings, university fees planning as well as lump sum investments.

Dream Entertainment Ltd. ("DREAM")

Associated company
20% shareholding

Our investment in DREAM in 2019 marked our first venture into the entertainment and tourism sector, a sector which we believe holds a great deal of potential. DREAM are the owners and promoters of much sought-after entertainment events such as Dream Weekend, Dream Weekend Cruise, Xodus Carnival and The Cooler Weekend.

The company is the largest producer of music festivals, parties and proprietary events in the Caribbean. It was incorporated in Jamaica in 2009 by a dynamic group of entrepreneurs, and has grown year over year, with not only the number of events they stage and support, but also the vast number of patrons from Jamaica and across the world who regularly participate in these events seeing significant increases. Despite being a relatively small investment for PIL, we remain bullish on DREAM's growth trajectory and stand committed to enabling its management to build out a robust governance and financial framework that will support and propel its future expansion.

JMMB Group Limited ("JMMBGL"):

Associated company
20.01% shareholding

Since December 2018, PIL has held an approximately 20.01% stake in JMMBGL, and is the single largest shareholder in JMMBGL. JMMBGL is a well-known regional financial services conglomerate, headquartered in Jamaica and listed on the JSE and the Trinidad and Tobago Stock Exchange, with operations in Jamaica, Trinidad and Tobago and the Dominican Republic.

JMMBGL's operations span commercial banking, investment advisory services, pension fund management and administration, collective investment scheme management and securities dealing. Our investment in JMMBGL is aligned with PIL's strategic goal of expanding its investment portfolio across the Caribbean and Latin America and further diversifying its portfolio holdings.

In addition to its extensive operations, JMMBGL acquired a shareholding in the regional financial services giant, Sagicor Financial Company Ltd. ("Sagicor"), and now owns and controls common shares representing approximately 22.5% of the issued and outstanding common shares of Sagicor.

Dividend Policy

The New Ordinary Shares will entitle the holders to receive all ordinary dividends and capital distributions declared and paid by PIL in respect of its ordinary shares in issue following the close of the Invitation and the issuing and allotment of the New Ordinary Shares for which Applicants have subscribed. The amount of dividends paid on PIL's ordinary shares will be primarily based on the Company's future profitability.

The Directors anticipate that not less than 50% of the Company's annual after-tax profits will be distributed as dividends, subject to the requirement for re-investment of its profits to finance potential growth and to ensure sustained development, as well as due compliance with the solvency and liquidity criteria set by the Company's Investment Policies. It is anticipated that dividends will be paid either quarterly or semi-annually.

The dividend policy will be subject to review from time to time by the Directors of the Company. The Company may pay dividends in either Jamaican Dollars or United States Dollars, at the sole discretion of the Directors. While shareholders may indicate to the Company their preferred currency of payment of dividends by making an election at the time of applying for Shares, the Directors retain the right to make, and shall make the final determination as to the currency of payment of such dividends as may be declared from time to time in respect of the ordinary shares in the capital of the Company.

The aggregate dividend declared and paid by PIL per ordinary share in each of the last five (5) financial years ending on March 31, 2020 is set out in the table below:

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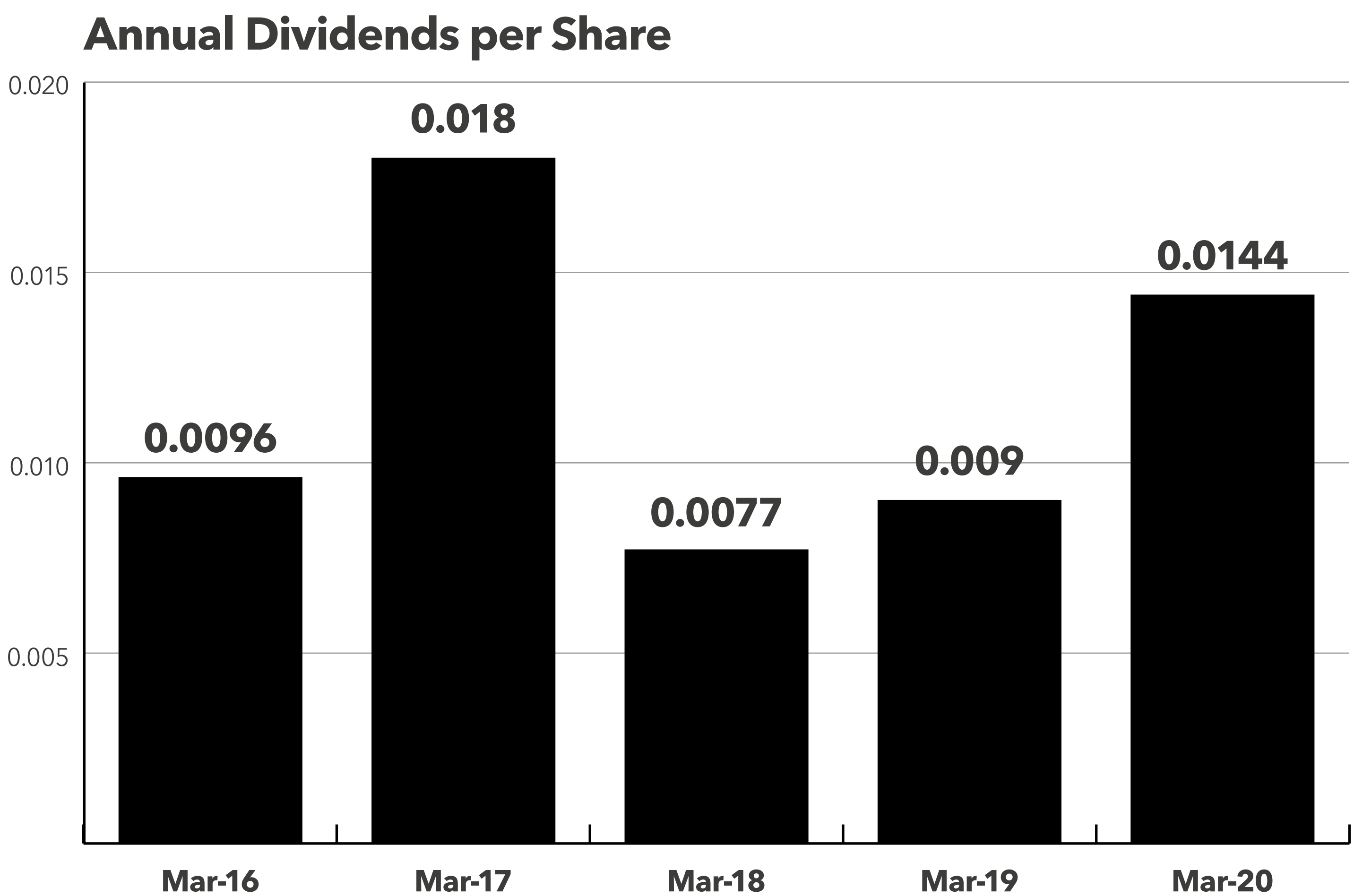
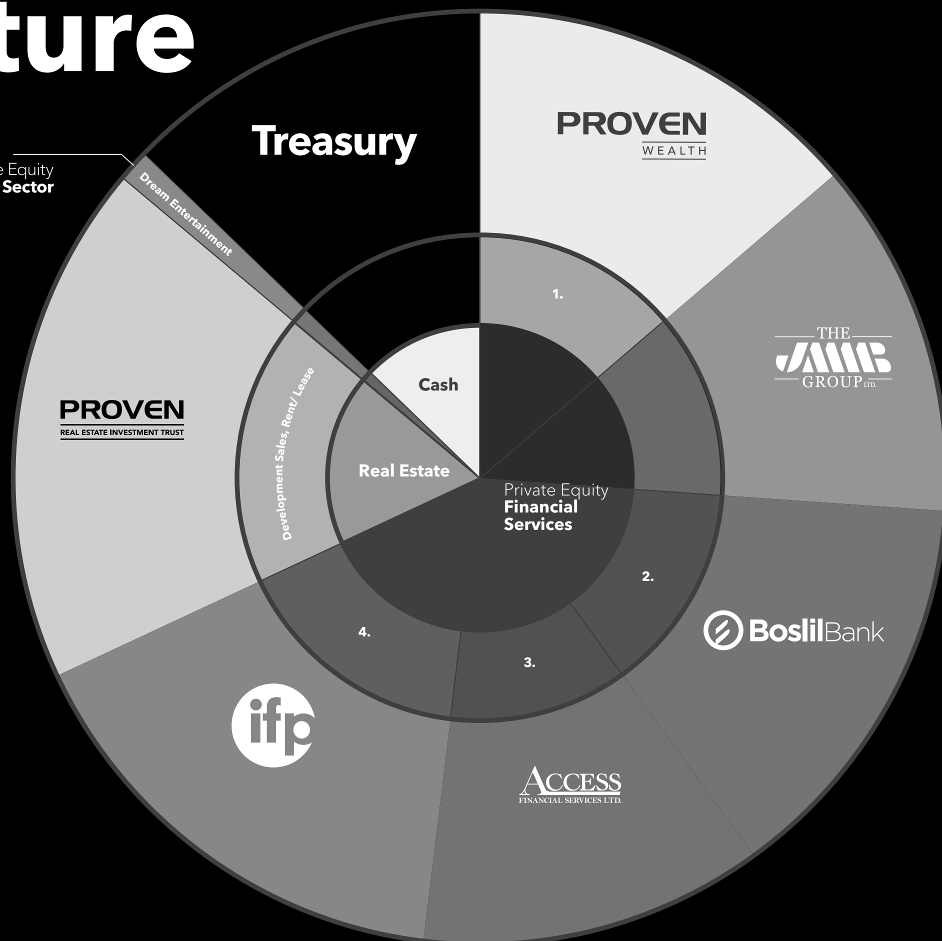


Business Structure



PROVEN Investments Limited
Business and Corporate Structure
Q2 2020-2021

PRIVATE EQUITY **FINANCIAL SERVICES**

1. Onshore Wealth Management (PWL)
2. Offshore Banking (BOSLIL)
3. Microfinancing (Access)
4. Offshore Wealth Management (IFP)
- Onshore Banking (JMMB)

REAL ESTATE

5. PROVEN REIT
   Development Sales, Rental/ Lease

PRIVATE EQUITY **REAL SECTOR**

6. Dream Entertainment

TREASURY

- PROVEN Investments Limited

6. PROFILE OF DIRECTORS

Hon. Hugh Hart, O.J.
Chairman

Admitted to the Bar at Grays Inn, England in 1953 and admitted as a Solicitor in Jamaica in April 1956, Mr. Hart is a former Senior Partner and Consultant with the firm of Clinton Hart & Co. He practices commercial law at Hart Muirhead Fatta, primarily in the areas of taxation, real estate development, mining and corporate restructuring. He served as a member of the Jamaican Senate from 1980-1993, as Minister of Mining & Energy from 1983 -1989 and as Minister of Tourism from 1984 –1989.

Due to his outstanding contribution to the legal profession and the bauxite and mining sectors, he was awarded the national honour of Order of Jamaica by the Government of Jamaica in 2011. In 2015, the University of the West Indies conferred him with the Honorary degree of Doctor of Laws, recognizing his stellar contribution to Caribbean development.

Length of Directorship: 10 years

Rhory McNamara
Independent Director & Company Secretary

Member of Audit & Compliance Sub- Committee

Rhory McNamara is an attorney-at-law by profession. Following his return from the United Kingdom after completing his legal and professional training, between 2000-2015 he practiced in the family law firm of McNamara & Co. located in St. Lucia. He served as a partner with responsibility for the areas of banking law, corporate law and corporate/private conveyancing. He is currently the Managing Director of McNamara Corporate Services Inc., a major corporate services provider, focusing on the formation and management of IBC's, international insurance companies and international mutual funds formed under the respective governing legislation in St. Lucia. He serves on the board of several prominent private and public companies in St. Lucia and overseas, and has been the president of the St. Lucia Association for Persons with Development Disabilities since 2003.

Length of Directorship: 10 years

Yvor Nassief Independent Director Member of Audit & Compliance Sub- Committee	Mr. Nassief is a Dominican businessman with interests in Dominica, St Lucia and St Vincent. Well known for his business interests and appointments, he is the Executive Director/ shareholder of DCP Successors Ltd, a soap manufacturing entity; Director/shareholder of Fort Young Hotel Ltd.; Managing Director and shareholder of Archipelago Trading Ltd., Dominica, involved in money services, insurance, duty free retail, real estate, shipping, food distribution and food retail; Director/ shareholder of Food Center St Lucia Ltd and Food Center St Vincent Ltd. Between 2005 and 2007, he served in the Dominican Senate as Minister of Tourism. Length of Directorship: 10 years
Garfield Sinclair Member of Audit & Compliance Sub-Committee	Mr. Sinclair is the former President of the Caribbean for Cable and Wireless Communications where he oversaw the operations of 14 Caribbean businesses, ensuring business performance and exceeding the expectations of the stakeholders in the form of the customers, employees, executive & non-executive board members, shareholders and bond holders. He was also President & Chief Operating Officer of Dehring, Bunting & Golding Limited (DB&G) where he held responsibility for the overall performance of the operations, treasury and asset trading, brokerage, marketing and information technology units. Mr. Sinclair is a Certified Public Accountant (non-practicing) with a bachelor's degree in Business Administration from San Diego State University and executive certifications from the Massachusetts Institute of Technology (Sloan School of Management) and the University of Pennsylvania (Wharton). Length of Directorship: 10 years
John A. Collins M.B.E. Independent Director Member of the Audit & Compliance Sub-Committee	Mr. Collins has accomplished a distinguished career in Trust Banking, spanning over 40 years. During this time, he served in senior positions in Trust companies in England, Kenya and Jamaica, before moving to Cayman in 1966 to open and manage the Bank of Nova Scotia Trust Company (Cayman) Limited. In 1973, he moved to Ansbacher (Cayman) Limited, where he retired as the Executive Director in 1995 but continued as a non-Executive Director until October 2000. Since then, he has acted as consultant and director to a private group of Trusts and Companies and is proud to be an appointed Member of the Most Excellent Order of the British Empire in Her Majesty the Queen's New Year's Honour Listing 1986. He is a Notary Public in and for the Cayman Islands. Length of Directorship: 8 years

Jeffrey Gellineau Independent Director Chairman of Audit & Compliance Sub-Committee	Mr. Gellineau has over 27 years of extensive audit experience at KPMG, Barbados as an engagement partner in managing and providing audit and other advisory services to regional and international clients. He also served as the project coordinator for a World Bank -funded project, "Strengthening Institutional Capacity for Project Implementation"", during the period January 2009 to November 2010, which addressed Capacity Building for Financial Management and Procurement for Capital Projects in the OECS Countries. Length of Directorship: 7 years
Avinash Persaud Independent Director	An Emeritus Professor of Gresham College in London and a non-executive director for several companies with services in banking, insurance, education and the media, Mr. Persaud has expansive experience across companies such as J. P. Morgan, UBS, State Street and GAM London. He is ranked by experts as one of the top three public intellectuals in the world on the financial crisis and is a recipient of the Jacques de Larosiere Award in Global Finance from the Institute of International Finance. He is the non-executive chairman of Elara Capital PLC, an emerging-market investment bank, and Intelligence Capital Limited, financial and economic advisors to large financial institutions and G20 Governments. Professor Persaud currently serves as a special economic advisor to the Government of Barbados. Length of Directorship: 4 years

7. THE INVESTMENT MANAGER

PROVEN Management Limited ("PML"), which was incorporated in Jamaica, manages all aspects of the investment of PIL's investable resources, and manages the Company's assets and liabilities. PML is licensed and regulated by the FSC as a securities dealer. PIL has entered into an Investment Management Agreement with PML, which provides for PML to be paid a management fee of 2% per annum of the average net asset value of PIL as compensation.

Manager's Preference Shares

MPS Holdings Limited ("MPS"), an investment holding company incorporated in St. Lucia as an IBC, with the same shareholders as PML, holds the 10,000 Manager's Preference Shares in PIL which carry the rights, terms and conditions set out in PIL's Memorandum of Association, an extract from which is set forth in Appendix 1 to this Prospectus. The Manager's Preference Shares collectively hold 50% of the voting rights in PIL on matters other than the Investment Manager's fees (on which each Manager's Preference Share carries one vote).

The Manager's Preference Shares also carry the right to a dividend equal to 25% of PIL's profits earned in excess of the Hurdle Rate, payable quarterly. The Hurdle Rate is a percentage return on PIL's average equity in each of its financial years, set annually at the 12 Month LIBOR rate prevailing at the beginning of its financial year plus 200bps, with a permanent ceiling of 6%.

The PML Board & Management Team

PML brings together one of the most experienced teams in the Jamaican financial sector, who in aggregate have successfully managed billions of dollars of investments, delivering consistent returns and expert financial advice over the past two decades. Members of the PML team have had significant prior experience in establishing, managing and developing new businesses and returning significant financial benefits to their investors. The team's experience spans asset management, corporate finance, corporate and commercial law, financial advisory services, merchant banking, stock brokerage, pension fund management, unit trust management and includes the following persons:

PROVEN MANAGEMENT LIMITED'S DIRECTORS & MANAGEMENT TEAM	
Christopher Bicknell Chairman	Christopher Bicknell is widely regarded as one of Jamaica's most successful entrepreneurs and is currently the Chairman and Group C.E.O. of Tankweld Metals Ltd. Mr. Bicknell is a Certified Public Accountant (CPA).
Garfield Sinclair Director	(See biography under Section 6)
Peter Bunting Director	Peter Bunting plays a strategic advisory role in the company's development, and champions its values of Integrity, Respect, and Results. He built his reputation in the financial sector as a co-founder of one of Jamaica's most innovative and successful financial institutions - Dehring Bunting & Golding Limited (DB&G). Peter has contributed significantly to nation building as former Member of Parliament for Central Manchester, and former Leader of Opposition Business in the House of Representatives. He also previously served as Minister of National Security, General Secretary for the People's National Party, Chairman of the National Water Commission, Chairman of JAMPRO, and CEO of the National Investment Bank of Jamaica.

Mark Golding, MP Director	Mark J. Golding is a prominent Jamaican commercial attorney-at-law and a Partner in the law firm Hart Muirhead Fatta, where he practices with an emphasis on capital markets, corporate finance and mergers and acquisitions. He was a founding shareholder and director of DB&G in 1993, and a founding shareholder and director of PROVEN Management Limited in 2010. He is the Chairman of the Mona Rehabilitation Foundation, a charity for persons with physical disabilities, and was a founding Director of Caribbean Information & Credit Rating Services Limited (CariCRIS), the first regional ratings agency for the Caribbean. Mr. Golding is the Member of Parliament for South West St. Andrew and was recently elected as the President of the People's National Party.
Christopher Williams Director President & CEO	Christopher Williams provides executive leadership for PML's role as investment manager of PIL, with ultimate responsibility for the management of the over US$1B in assets represented by PIL's portfolio companies' holdings. He oversees the operations of PML and provides strategic direction and leadership towards the achievement of the organization's overall goals and objectives, as set by the Board of Directors. Mr. Williams has a M.B.A. in Strategic Marketing and Finance from York University. He currently chairs and serves as director for numerous boards with his chair appointments being: Chairman – ACCESS Financial Services Limited; Caribbean Alternative Investment Association (CARAIA); Branson Center of the Caribbean; PROVEN REIT Limited; Jamaica College Foundation; and Jamaica Association for the Deaf.
Johann Heaven Director	Johann Heaven is currently the President and Chief Executive Officer of PROVEN Wealth Limited, the Group's wealth management company, managing in excess of US$1.2 billion in funds under management on behalf of high net worth, corporate and institutional clients and pension funds. Mr. Heaven has over 20 years of experience in finance and banking, specializing in financial analysis, mergers and acquisitions, financial advisory, treasury and asset management, strategic planning and corporate finance. Mr. Heaven is a Chartered Financial Analyst (CFA) charter holder, and holds the Financial Risk Manager (FRM) certification, and has a Master's Degree in Finance from the University of London.
Sherri Murray Director & Company Secretary Vice President, Operations & Human Resources	Sherri Murray is responsible for providing operational and board support along with strategic human resource management for the PROVEN Group of companies. Mrs. Murray has a B.Sc. (First Class Hons) from the University of the West Indies and an MBA in Finance & International Business from McGill University, Montreal, Canada. She is the Company Secretary for PROVEN Management Ltd, PROVEN Wealth Ltd, PROVEN REIT Ltd, and Access Financial Services Ltd.
Charmaine Boyd Walker Senior Vice President Finance, Risk & Compliance	Mrs. Boyd-Walker is responsible for directing Finance, Risk & Compliance to efficiently and effectively produce timely financial reports as guided by the accepted accounting standards across the group. She holds a Master's Degree in Finance from Manchester Business School and a Certification in International Risk Management.

Nerisha Farquharson, CFA Vice President, Proprietary Funds and Financial Services	Nerisha Farquharson is responsible for the management of the Private Equity Portfolio Assets, which entails the formulation and execution of strategies to support the effective due diligence, post-acquisition integration, value creation and exit of Portfolio Companies. Nerisha holds a BBA in Finance (honors) from the University of Technology, Jamaica along with an MBA in International Business with distinction, from the University of the West Indies, Mona. She is a CFA Charter Holder and is currently a Director of International Financial Planning (Cayman) Limited, The CFA Society Jamaica and a member of the Market Technician Association, holding the Chartered Market Technician designation.
Christopher P. Yeung Assistant Vice President, Treasury & Trading	Christopher Yeung is responsible for formulating, executing and managing strategies relating to Treasury and Trading for the Group. Mr. Yeung holds a BSc in Financial Economics from Centre College, USA and an MBA (Distinction) in Banking and Finance from the University of West Indies, Jamaica. He currently serves as a Director for Dream Entertainment Limited.
Belinda N. Williams Head of Marketing & Communications	Belinda is responsible for Investor Relations as well as overseeing and guiding the strategic planning, development, and execution of PROVEN's marketing, communications and advertising initiatives across the portfolio of companies. She is a director on the Boards of the Jamaica Bobsleigh & Skeleton Federation Limited; the National Chorale of Jamaica (NCOJ) and a Commission on the Jamaica Cultural Development Commission (JCDC). She is a graduate of the Florida International University Chapman School of Business Studies MBA Programme and also holds a BSc Administration (Hons).

8. PRESENTATION OF CURRENT & HISTORICAL FINANCIAL DATA

AUDITORS' REPORT ON SUMMARY FINANCIAL STATEMENTS

KPMG
204 Johnsons Centre
No. 2 Bella Rosa Road
Gros-Islet
Saint Lucia
Telephone: (758)-453-2298
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors
PROVEN INVESTMENTS LIMITED

Opinion

The summary consolidated financial statements, which comprise the summary consolidated statements of financial position as at March 31, 2016 to March 31, 2020 and the summary consolidated statements of profit or loss and other comprehensive income for each of the five years then ended, are derived from the audited consolidated financial statements of Proven Investments Limited and its subsidiaries ("the Group") for the years ended March 31, 2016 to March 31, 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the criteria developed by management.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements and our report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and our reports thereon. The summary consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the dates of our reports on the audited consolidated financial statements.

To the Board of Directors
PROVEN INVESTMENTS LIMITED

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The Audited Consolidated Financial Statements and Our Reports Thereon

We expressed unmodified audit opinions on the audited consolidated financial statements in our reports dated as follows:

Year End	Audit Report Date
March 31, 2016	May 30, 2016
March 31, 2017	May 26, 2017
March 31, 2018	May 28, 2018
March 31, 2019	June 6, 2019
March 31, 2020	July 20, 2020

The reports for the years ended March 31, 2017 to March 31, 2020 also include the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the consolidated financial statements.

Management's Responsibility for the Summary Consolidated Financial Statements

Management is responsible for the preparation of the summary consolidated financial statements in accordance with the criteria as developed by management.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *"Engagements to Report on Summary Financial Statements"*.

KPMG

Chartered Accountants
December 22, 2020

Castries, Saint Lucia

The following is a presentation of key financial data (in US$) derived from the audited consolidated financial statements of the Group for each financial year in the 5-year period March 31, 2016 to March 31, 2020

PROVEN INVESTMENTS LIMITED
Statement of Financial Position

	Mar-16 US$'000	Mar-17 US$'000	Mar-18 US$'000	Mar-19 US$'000	Mar-20 US$'000
Assets					
Cash and Cash equivalents	13,721	151,314	89,363	69,108	94,629
Resale agreements	38,767	38,498	24,373	10,056	5,742
Investment securities	232,158	362,259	369,085	336,740	291,396
Inventories	643	-	-	-	
Loans receivable	24,993	39,421	41,557	51,334	28,855
Other assets	10,602	11,571	10,350	9,307	12,993
Owed by related party	338	-	-	-	-
Income tax recoverable	51	51	51	66	-
Guarantees and letters of credit	-	-	-	2,366	12,583
Property development in progress	210	200	-	10,597	11,869
Interest in associates	-	-	-	80,972	118,988
Investment property	6,013	6,148	17,348	14,229	12,270
Intangible assets	19,853	21,190	20,014	35,423	19,376
Property, plant and Equipment	597	965	1,039	1,355	3,057
Deferred tax	1,097	1,713	1,389	1,768	1,224
Total Assets	349,043	633,330	574,569	623,321	612,982
Liabilities and Shareholders' equity					
Liabilities					
Repurchase agreements	159,830	142,999	93,709	88,625	77,609
Owed to related parties	-	949	98	423	932
Notes payable	96,529	96,687	110,961	185,550	154,503
Current income tax payable	198	1,623	1,143	688	1,210
Other liabilities	11,540	12,843	4,220	8,082	6,427
Due to banks	-	2,210	2,187	522	420
Due to customer	-	270,055	240,829	221,051	250,432
Deferred income	-	130	-	2,854	1,813
Guarantees and letters of credit	-	-	-	2,382	12,963
Lease Liabilities					1,252
Preference shares	7,978	15,977	16,416	1	1
Total Liabilities	276,075	543,473	469,563	510,178	507,562
Stockholders' Equity					
Share capital	69,248	69,248	86,716	86,716	86,716
Fair value reserve	(13,190)	(4,297)	(8,194)	2,689	(14,865)
Foreign exchange translation reserve	(5,809)	(7,564)	(6,875)	(7,063)	(2,622)
Retained earnings	9,727	14,149	12,281	8,383	29,781
Equity attributable to owners of the company	59,976	71,536	83,928	90,725	99,010
Non-controlling interest	12,992	18,321	21,078	22,418	6,410
Total Stockholders' Equity	72,968	89,857	105,006	113,143	105,420
Total Liabilities and Shareholders' Equity	349,043	633,330	574,569	623,321	612,982
	-	-	-		

PROVEN INVESTMENTS LIMITED
Statement of Profit and Loss and Other Comprehensive Income

	Mar-16 US$'000	Mar-17 US$'000	Mar-18 US$'000	Mar-19 US$'000	Mar-20 US$'000
Net interest income and other revenue					
Interest income	25,726	24,149	28,490	26,206	20,285
Interest expense	(12,000)	(9,646)	(8,099)	(7,475)	(9,107)
	13,726	14,503	20,391	18,731	11,178
Dividends	1,325	1,357	807	342	34
Fees and commissions	2,042	2,368	5,076	8,202	11,572
Net fair value adjustments and realized gains/(losses)	(1,035)	1,720	4,293	1,139	3,783
Net foreign exchange gains/(losses)	1,503	1,902	(444)	1,633	1,910
Pension management income	1,887	1,966	2,360	2,832	3,434
Operating revenue, net of interest expense	19,448	23,816	32,483	32,879	31,911
Other income	1,548	1,006	3,667	4,841	13,390
Total	20,996	24,822	36,150	37,720	45,301
Operating expenses					
Staff cost	4,506	8,310	8,608	11,640	12,876
Depreciation and amortization	1,887	1,343	1,659	1,848	1,996
Impairment losses of loans and other assets	889	1,156	2,273	1,089	1,462
Impairment reversal on investments	1,744	(921)	-	(476)	362
Property expenses	844	565	2,155	116	9,359
Other operating expenses	6,969	7,796	8,866	11,916	11,867
Total	16,839	18,249	23,561	26,133	37,922
Operating Profit	4,157	6,573	12,589	11,587	7,379
Preference shares dividend	(331)	(2,184)	(976)	(1,289)	(8,605)
Gain on disposal of associates	896	-	-	-	24,930
Gain on acquisition of business	-	8,030	48	-	
Share of profit of associates	-	-	-	1,308	10,438
Profit before income tax charge	4,722	12,419	11,661	11,606	34,142
Income tax credit/(charge)	(439)	(697)	(2,154)	(1,665)	(1,900)
Profit for the year	4,283	11,722	9,507	9,941	32,242
Profit attributable to:					
Owners of the company	2,344	8,850	5,682	6,847	29,979
Non-controlling interest	1,939	2,872	3,825	3,094	2,263
Profit for the year	4,283	11,722	9,507	9,941	32,242
Earnings per stock unit (cents)	0.44	1.60	0.94	1.09	4.79

Proven Investments Limited
Additional Disclosures
For each of the Five Years Ended March 31, 2020, 2019, 2018, 2017 and 2016
(Expressed in United States dollars)

1. ADDITIONAL INFORMATION
The summary financial statements are derived from the consolidated financial statements of Proven Investments Limited as at and for the years ended March 31, 2020, 2019, 2018, 2017 and 2016. The Company is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia. The Company's shares are listed on the Jamaica Stock Exchange.

The Group comprises the Company and its subsidiaries, including associated companies accounted for under the equity method, as identified in the audited financial statements. The activities of the Group include private banking, wealth management, retail lending and real estate investment.

2. BASIS OF PREPARATION
These summary financial statements have been extracted from the consolidated financial statements as at and for the years ended 31 March 2020, 2019, 2018, 2017 and 2016. The consolidated financial statements were authorised for issue by the Board of Directors on 20 July 2020, 6 June 2019, 28 May 2018, 26 May 2017 and 30 May 2016 respectively.

The summary consolidated financial statements do not include all the disclosures provided in the complete consolidated financial statements and will not provide as comprehensive an understanding as provided by the complete consolidated financial statements. The complete consolidated financial statements are included in our annual reports that are available on our website (**weareproven.com**).

PERFORMANCE SNAPSHOT

CATEGORY WINNER
The AMCHAM Jamaica Award of Excellence for Corporate Social Responsibility which recognizes corporate social responsibility by companies operating in Jamaica.

CELEBRATING TEN

YEARS

with eight (8) acquisitions and a very robust Private Equity pipeline

Business Activities for FY 2020

57.68%

Efficiency Ratio

31.6%

Attractive Return on Equity to our shareholders

61.26%

Organic Growth in 2020 core earnings.

compared to corresponding period last year

Strong real estate pipeline which includes (3) rental income properties and six (6) developmental sales projects.

US$24.93M value extraction through the exit of 50.0% of the equity position held in Access Financial Services Limited

RECORD YEAR

US**$29.98**M
in profit

US**$9.0**M
dividend distributions

Technology and FINTECH advancement across our Portfolio Companies as evident by :

- Website upgrades, securitization, data enhancements and features (BOSLIL, IFP, PWL and PREIT (underway):
- PROVEN Global Trading (International trading platform),
- IPOPRO (IPO selling platform) and
- PROVEN Wealth App.

9. MANAGEMENT DISCUSSION AND ANALYSIS:

The management of PIL is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis ("MD&A"). The MD&A is prepared to give prospective Applicants information required to independently assess the operations and financial performance of PIL for (i) the financial year ended March 31, 2020 compared with the prior financial year and (ii) the six-month period ended September 30, 2020. It should be read in conjunction with PIL's financial statements for both periods under review.

The information presented herein in respect of the financial year ended March 31, 2020 is an abridged version of the MD&A contained in PIL's 2020 Annual Report released on August 25, 2020, which can be referred to for further details on the operational results of PIL. The financial information disclosed in this MD&A for each of the periods under review is consistent with (i) PIL's audited consolidated financial statements and related notes for the financial year ended March 31, 2020 which can be found at Appendix 3 and (ii) the unaudited financial statements for the six-month period ended September 30, 2020 respectively which can be found at Appendix 5.

Unless otherwise indicated, all amounts expressed are in United States dollars and have been primarily derived from PIL's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS).

This MD&A may contain forward-looking statements, and prospective Applicants should therefore refer to the Disclaimer & Note on Forward-Looking Statements in Section 1 of this Prospectus when interpreting the information contained in this MD&A.

FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

The following is a presentation of key financial data (in US$) derived from the audited consolidated financial statements of the Group for the year ended March 31, 2020 which are set out in full at Appendix 3.

PROVEN INVESTMENTS LIMITED

Group Statements of Financial Position
As of March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	Notes	2020 $'000	2019 $'000 *(Restated, Note 38)*	2018 $'000 *(Restated, Note 38)*
ASSETS				
Cash and cash equivalents	4(c)(ii)	94,629	69,108	89,363
Resale agreements	5	5,742	10,056	24,373
Investment securities	6	291,396	336,740	369,085
Loans receivable	7	28,855	51,334	41,557
Other assets	8	12,993	9,307	10,350
Property development in progress	9	11,869	10,597	-
Income tax recoverable		-	66	51
Guarantees and letters of credit		12,583	2,366	-
Property, plant and equipment	10	3,057	1,355	1,039
Investment property	11	12,270	14,229	17,348
Intangible assets	12	19,376	35,423	20,014
Investment in associates	14	118,988	80,972	-
Deferred tax asset	21	1,224	1,768	1,389
Total assets		612,982	623,321	574,569
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities				
Repurchase agreements	15	77,609	88,625	93,709
Owed to related parties	16	932	423	98
Notes payable	17	154,503	185,550	110,961
Current income tax payable		1,210	688	1,143
Other liabilities	18	6,427	8,082	4,220
Due to banks		420	522	2,187
Due to customers	19	250,432	221,051	240,829
Deferred income		1,813	2,854	-
Guarantees and letters of credit		12,963	2,382	-
Lease liabilities	20	1,252	-	-
Preference shares	22	1	1	16,416
Total liabilities		507,562	510,178	469,563
Stockholders' equity				
Share capital	23	86,716	86,716	86,716
Fair value reserve	24	(14,865)	2,689	(8,194)
Foreign exchange translation reserve	25	(2,622)	(7,063)	(6,875)
Retained earnings		29,781	8,383	12,281
Equity attributable to owners of the Company		99,010	90,725	83,928
Non-controlling interest	26	6,410	22,418	21,078
Total stockholders' equity		105,420	113,143	105,006
Total liabilities and stockholders' equity		612,982	623,321	574,569

The consolidated financial statements on pages 10 to 90 were approved for issue by the Board of Directors on July 20, 2020 and signed on its behalf by:

Director
Rhory McNamara

Director
Jeffrey Gellineau

PROVEN INVESTMENTS LIMITED

Group Statements of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	Notes	2020 $'000	2019 $'000 *(Restated, Note 38)*
Net interest income and other revenue			
Interest income, calculated using the effective interest method	27	20,285	26,206
Interest expense	27	(9,107)	(7,475)
		11,178	18,731
Dividends		34	342
Fees and commissions		11,572	8,202
Net fair value adjustments and realised gains/(losses)	28	3,783	1,139
Net foreign exchange gains		1,910	1,633
Gain on disposal of subsidiary	13(b)	24,930	-
Pension management income		3,434	2,832
Operating revenue, net of interest expense		56,841	32,879
Other income		13,390	4,841
Total		70,231	37,720
Operating expenses			
Staff costs	29	12,876	11,640
Depreciation and amortisation	10,12	1,996	1,848
Impairment loss/(reversal) on loans and other assets		1,462	1,089
Impairment loss/(reversal) on investments		362	(476)
Property expenses		9,359	116
Other operating expenses	30	11,867	11,916
Total		37,922	26,133
Operating profit		32,309	11,587
Preference share dividend	32(f)	(8,605)	(1,289)
Share of profit of associates	14	10,438	1,308
Profit before income tax		34,142	11,606
Income tax charge	31	(1,900)	(1,665)
Profit for the year		32,242	9,941
Profit attributable to:			
Owners of the company		29,979	6,847
Non-controlling interest	26	2,263	3,094
Profit for the year		32,242	9,941
Earnings per stock unit	33	4.79¢	1.09¢

PROVEN INVESTMENTS LIMITED

Group Statements of Profit or Loss and Other Comprehensive Income (Continued)
Year ended March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	2020 $'000	2019 $'000 *(Restated, Note 38)*
Profit for the year	32,242	9,941
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Realised gains on securities at FVOCI	1,013	1,596
Unrealised losses on securities at FVOCI	(7,914)	(204)
Deferred tax on fair value adjustment on securities at FVOCI and ECL	773	878
Exchange differences on translation of foreign operations	4,441	(188)
Share of other comprehensive (loss)/ income in associates (note 14)	(12,236)	5,049
Total other comprehensive (loss)/income	(13,923)	7,131
Total comprehensive income for the year	18,319	17,072
Total comprehensive income attributable to:		
Owners of the Company	16,866	13,978
Non-controlling interests	1,453	3,094
Total comprehensive income for the year	18,319	17,072

PROVEN INVESTMENTS LIMITED

Group Statement of Changes in Equity
Year ended March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (Note 23)	Fair value reserve $'000 (Note 24)	Foreign exchange translation reserve $'000 (Note 25)	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000 (Note 26)	Total $'000
Balances at March 31, 2018, as previously reported	**86,716**	**(8,194)**	**(6,875)**	**13,448**	**85,095**	**22,257**	**107,352**
Prior year adjustment (Note 38)	-	-	-	(1,167)	(1,167)	(1,179)	(2,346)
Restated balances at March 31, 2018	86,716	(8,194)	(6,875)	12,281	83,928	21,078	105,006
Adjustment on impact of initial application of IFRS 9, net of tax	-	3,564	-	(5,679)	(2,115)	-	(2,115)
Restated balances at April 1, 2018	86,716	(4,630)	(6,875)	6,602	81,813	21,078	102,891
Total comprehensive income for 2019							
Profit for the year, as previously reported	-	-	-	6,968	6,968	3,217	10,185
Prior year adjustment (Note 38)	-	-	-	(121)	(121)	(123)	(244)
As restated	-	-	-	6,847	6,847	3,094	9,941
Other comprehensive income for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(188)	-	(188)	-	(188)
Realised gain on securities at FVOCI	-	1,596	-	-	1,596	-	1,596
Unrealised loss on debt securities at FVOCI	-	(204)	-	-	(204)	-	(204)
Deferred tax credit on fair value adjustments	-	878	-	-	878	-	878
Share of associates' other comprehensive income	-	5,049	-	-	5,049	-	5,049
Other comprehensive income for year, net of tax	-	7,319	(188)	-	7,131	-	7,131
Total comprehensive income for the year	-	7,319	(188)	6,847	13,978	3,094	17,072
Transactions with owners recorded directly in equity							
Dividends to equity holders (Note 34)	-	-	-	(5,066)	(5,066)	(1,754)	(6,820)
Balances at March 31, 2019, as restated	**86,716**	**2,689**	**(7,063)**	**8,383**	**90,725**	**22,418**	**113,143**
Total comprehensive income for 2020							
Profit for the year	-	-	-	29,979	29,979	2,263	32,242
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	4,441	-	4,441	-	4,441
Realised gain on securities at FVOCI	-	1,013	-	-	1,013	-	1,013
Unrealised loss on debt securities at FVOCI	-	(7,104)	-	-	(7,104)	(810)	(7,914)
Deferred tax credit on fair value adjustments	-	773	-	-	773	-	773
Share of associates' other comprehensive loss	-	(12,236)	-	-	(12,236)	-	(12,236)
Other comprehensive loss for year, net of tax	-	(17,554)	4,441	-	(13,113)	(810)	(13,923)
Total comprehensive income	-	(17,554)	4,441	29,979	16,866	1,453	18,319
Transactions with owners recorded directly in equity							
Disposal of subsidiary with NCI	-	-	-	-	-	(16,361)	(16,361)
Dividends to equity holders (Note 34)	-	-	-	(8,581)	(8,581)	(1,100)	(9,681)
Balances at March 31, 2020	**86,716**	**(14,865)**	**(2,622)**	**29,781**	**99,010**	**6,410**	**105,420**

PROVEN INVESTMENTS LIMITED

Group Statements of Cash Flows
Year ended March 31, 2020
Presented in United States dollars, except as otherwise stated)

	Notes	2020 $'000	2019 $'000 *(Restated, Note 38)*
Cash flows provided/(used) by operating activities			
Profit for the year		32,242	9,941
Adjustments for:			
Depreciation	10	667	386
Amortisation	12	1,329	1,462
Interest income	27	(20,285)	(26,206)
Interest expense	27	9,107	7,475
Dividend income		(34)	(342)
Impairment loss/(reversal) on loans and other assets		1,462	1,089
Impairment loss/(reversal) on investments		362	(476)
Share of profit of associates	14	(10,438)	(1,308)
Fair value adjustment on investment property	28	(952)	(1,978)
Gain on disposal of subsidiary	13(b)	(24,930)	-
Unrealised foreign exchange gain		(1,910)	(1,633)
Amortisation of transaction cost on issue of preference shares		-	323
Income tax charge	31	1,900	1,665
		(11,480)	(9,602)
Change in operating assets and liabilities			
Investment securities		39,960	36,980
Loans receivable		(6,371)	(6,070)
Other assets		(4,400)	4,054
Other liabilities		(2,944)	1,193
Due to customers		29,381	(19,778)
Due to other banks		(102)	(1,665)
Repurchase agreements		(11,016)	(5,084)
Resale agreements		4,314	14,317
Owed to related party		509	325
Deferred income		(1,041)	2,854
Development in progress		2,942	(1,507)
		39,752	16,017
Interest received		20,675	24,079
Dividend received		34	342
Interest paid		(8,868)	(8,815)
Income tax paid		(1,143)	(2,206)
Net cash provided by operating activities		50,450	29,417
Cash flows provided/(used) by investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(19,829)
Acquisition of associate, net of dividends		(17,324)	(74,615)
Proceeds from disposal of property, plant and equipment		13	-
Proceeds from disposal of subsidiary		16,245	-
Purchase of investment property		(1,161)	(3,993)
Purchase of property, plant and equipment		(1,254)	(702)
Purchase of intangible asset	12	(1,630)	(377)
Repayment of preference shares		-	(16,737)
Net cash used by investing activities		(5,111)	(116,253)
Net cash flows provided/(used) by operating and investing activities (carried forward to page 15)		45,339	(86,836)

SUMMARY OF FINANCIAL PERFORMANCE (FINANCIAL YEAR ENDED MARCH 31, 2020)

Solid Core Growth

PIL registered a strong performance for the financial year ended March 31, 2020. Over the period, emphasis was placed on executing growth strategies across all business lines, however the realized results were offset by adverse market conditions stemming from the effects of the COVID-19 pandemic in the final quarter. Net Profit attributable to Owners of the Company (NPAO) for the year amounted to US$29.98 million, while NPAO adjusted for the extraordinary gain and associated charges amounted to US$11.04 million, which represents a 61.26% increase in core earnings from the US$6.85 million earned in the previous year. PIL experienced robust organic growth resulting from the disciplined execution of its Private Equity strategy which focused on optimizing and extracting value created by its Portfolio Assets through ongoing expansion, management and rebalancing of its holdings to deliver above average returns to its shareholders.

PERFORMANCE DRIVERS

PIL operates under three distinct business strategies, namely, (1) Private Equity (Financial Services and Real Sector), (2) Real Estate and (3) Treasury/PIL Proprietary.

1. PRIVATE EQUITY

PROVEN Wealth Limited (PWL)

PWL reported Profit Attributable to Equity Holders of US$2.51 million for the year ended March 31, 2020, which represented 8.36% of the Group's NPAO. Revenue generated by PWL totalled US$10.63 million of which Net Interest Income and Other Income accounted for 25.59% and 74.41% respectively. Pension Management Income and Interest Income were the top performing line items during the year. Total Administrative and General Expenses amounted to US$6.79 million, accounting for 23.76% of total Group Operating Expenses. Total Assets were reported at US$113.67 million as at March 31, 2020, compared to US$115.69 million in the prior year.

PWL continues to focus on its strategy to grow its off-balance sheet wealth and advisory management business by offering innovative investment solutions to clients. The company's diversification of its revenue streams and reduced reliance on the repo business resulted in non-interest income accounting for 74.41% of its revenue. PWL is also focused on improving its operating efficiency aided by the adoption of improved technological solutions throughout the business. PWL and International Financial Planning Jamaica Limited (formerly PROVEN Fund Managers Limited) were merged on April 1, 2019. The first full year of operations as a merged entity produced synergic gains which enabled greater value extraction from this portfolio company.

Access Financial Services Limited (AFSL)

As a result of reduced holdings from 49.72% to 24.72% in September 2019, AFSL is now recognised as an associate company resulting in the recognition of a share of its profits, instead of a consolidation of its results into PIL's Consolidated performance. AFSL's contribution for the financial year ended March 31, 2020 amounted to US$0.850 million.

BOSLIL Bank Limited (BOSLIL)

PIL currently owns 75% of the equity of BOSLIL. BOSLIL experienced another successful year, as Net Profit totalled US$4.64 million, resulting in US$3.43 million in Profit Attributable to Equity Holders being realized. This contributed 11.43% to the Group's NPAO. Revenue generated by BOSLIL totalled US$10.23 million with Net Interest Income and Other Income accounting for 62.82% and 37.18% respectively. BOSLIL contributed 57.50% to total Net Interest Income reported by the Group. Efficiency Ratio increased from 47.03% as at March 31, 2019 to 54.65% as at March 31, 2020 due mainly to non-recurrent expenses associated with business process improvements and IFRS9 related charges. Total Administrative and General Expenses amounted to US$5.59 million, accounting for 19.57% of total Group Operating Expenses. Total Assets of the Bank experienced a 12.08% increase from US$245.35 million as at March 2019 to US$274.98 million as at March 2020. BOSLIL's performance was mainly driven by growth in its core business, reflecting optimal asset-liability management and cost synergies which resulted in the Bank posting an increase of 8.51% in Net Profits compared with the previous year.

International Financial Planning (Cayman) Limited (IFP)

PIL acquired 100% interest in IFP in August 2018. IFP is a licensed securities dealer with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from medium to high net worth individuals. The company reported Revenues and Net Profit of US$5.66 million and US$0.73 million respectively. This resulted in a NPAO contribution to the Group of 2.45% for the year ended March 31, 2020. PIL is currently in the process of re-engineering this business and anticipates revenue enhancement and cost synergy measures to bear fruit in the medium to long term. IFP operations are entirely focused on fee based off balance sheet activities, and as a result 100% of its revenue is derived from fees and commission which contributed 48.88% to the overall Fees and Commission reported by the Group for the year ended March 31, 2020.

JMMB Group Limited (JMMBGL)

PIL acquired 20.01% of the participating voting shares in JMMBGL in December 2018 and thereafter opted to maintain its 20.01% equity stake through its participation in the additional public offering (APO) which closed in November 2019. JMMBGL is an associate company and contributed US$10.35 million in the form of Share of Profits for the year ended March 31, 2020. JMMBGL's expanding presence in the on-shore banking and insurance sub-industry within the region is consistent with PIL's ongoing strategy to diversify the portfolio of investments across the twenty four (24) countries of the Caribbean as well as Latin America.

Dream Entertainment Limited (DREAM)

In February 2019, PIL acquired a 20% equity stake in DREAM. DREAM has over the years provided enviable entertainment products that cater to a growing audience that is primarily beyond the Jamaican shores. The greater part of 2019 was spent on restructuring the DREAM organisational structure to improve operating efficiency while realising some level of integration into the PIL structure. For the year ended March 31, 2020 PIL reported a marginal share of loss amounting to US$0.017M. Going forward, DREAM's focus will shift to managing cash flow as it navigates the COVID 19 Pandemic while realising the benefits of the restructuring initiatives undertaken in the prior year. The Management of DREAM remains optimistic and looks forward to the reopening of the Entertainment Sector. PIL continues to view this portfolio investment from its strategic lens as it aligns with PIL's strategic thrust to identify, invest in and grow, viable real sector private companies. The objective is to create shareholders' value through a clear exit strategy.

2. REAL ESTATE

Real Properties Limited (RPL)

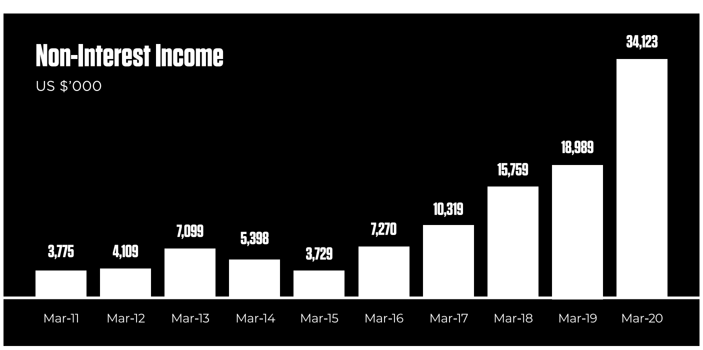
RPL reported Profit Attributable to Equity Holders of US$2.38 million. This performance contributed 7.93% to Group NPAO and represents a year over year increase of 40.16%. The increase was mainly driven by robust property sales which contributed $1.12M in income (the sales proceeds are represented in the Other Income line item while the cost of development is reflected in Property Expense line item). Total assets stood at US$35.01 million as at March 31, 2020, which represents a 14.07% increase compared to US$30.69 million reported as at March 31, 2019. This subsidiary continues to diversify its portfolio of real estate holdings which as at March 31, 2020, included three (3) rental income properties and six (6) developmental sales projects; all at various stages of the development cycle. RPL continues to closely monitor the local and international real estate markets for new opportunities while making the requisite adjustment to successfully navigate the uncertainties associated with recent developments around COVID 19.

Residential Development	Location	Description	Status/Projected Completion Date
The César	21 Millsborough Avenue, Kingston 6	6 Villas & 9 Apartments	August 2021
VIA at Braemar	19-21 Braemar Avenue, Kingston 5	99 Apartments (51 Studios, 30 One Bedrooms, 18 Two Bedrooms)	September 2021
Mystic Ridge	Milford Road, St. Ann	156 Apartments (144 Studios, 12 Two Bedrooms)	September 2022
AVISTA at Bloomfield	Bloomfield, Mandeville	78 Apartments (40 Studios, 20 One Bedroom, 18 Two Bedrooms)	March 2022
Grove Park (52% stake)	Grove Park Avenue, Kingston 8	76 Apartment (48 One Bedroom, 28 Two Bedrooms)	May 2022
Omega Drive (40% stake)	Omega Drive- Grand Cayman	13 Townhouses (9 Two Bedroom, 4 Three Bedroom)	December 2021
RENT/LEASE	**Location**	**Description**	**Status/Projected Completion Date**
Real NPW	Newport West, Kingston 13	29,680 SF of commercial space	100% Occupancy
Real Portmore Pine 1	Portmore Pines Plaza, Greater Portmore	26,908 SF of commercial space	100% Occupancy
Real Portmore Pines 2 (51% stake)	Portmore Pines Plaza, Greater Portmore	51,689 SF of commercial space	100% Occupancy
Gladstone Commercial (60% stake)	Gladstone Drive, Kingston 5	41,872 SF of commercial space	Projected completion December 2021
Bloomfield Commercial	Bloomfield, Mandeville	~100,000 SF of commercial space	Projected Completion 2023

3. TREASURY / PIL PROPRIETARY

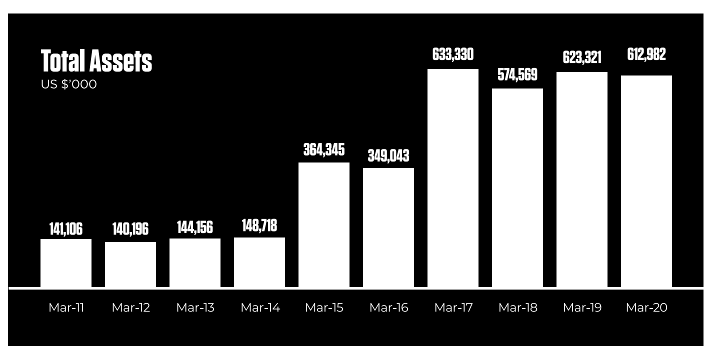
The Treasury segment of PIL's operations generated Profit Attributable to Equity Holders of US$20.08 million (net of all intercompany income and charges) for the year ended March 31, 2020. This represented 67.00% of the total NPAO of $29.98 million reported for the year.

The performance of this segment was mainly attributable to the extraordinary gain of $24.93 million realized on PIL's sale of 25.0% of its holdings in AFSL in September 2019. Reflected in this segment is the JMMBGL portfolio investment net of interest charges. Net Interest income (NII) registered a loss of US$3.09 million largely reflecting debt servicing obligations associated with wholesale funding of the JMMBGL share acquisition. The loss on the Net Interest Income line was partially offset by Other Income of US$1.45 million, which was driven by Dividend Income and Foreign Exchange Translation Gains. Total Administrative and General Expenses amounted to US$4.69 million, accounting for 16.43% of total Group Operating Expenses while Preference Dividend charges totalled US$8.61 million.



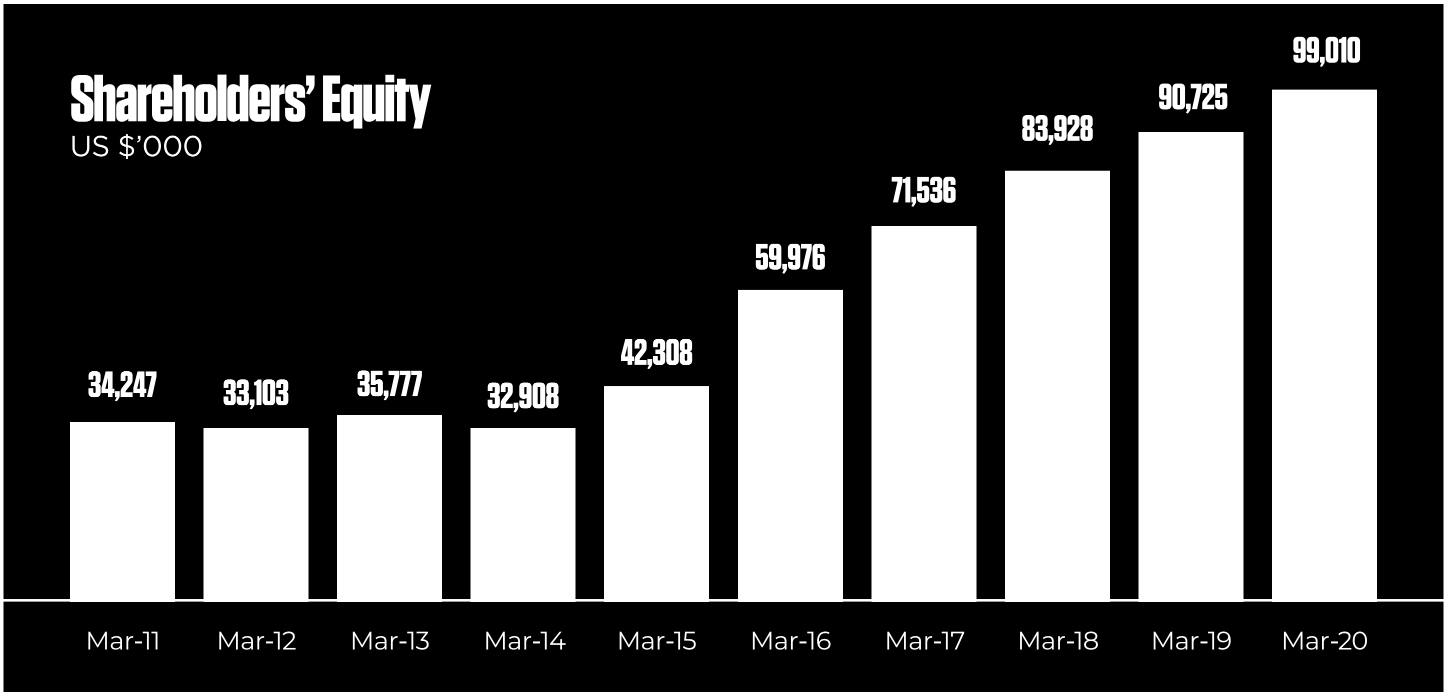
STATEMENT OF FINANCIAL POSITION

Total assets amounted to US$612.99 million as at March 31, 2020, which declined marginally from the US$623.32 million reported as at March 31, 2019. The year over year shift in the composition of total assets mainly emanated from a 13.47% reduction in the Investment Securities portfolio over the period along with shifts in Investment in Associates to account for the revised recognition of AFSL. The reduction in the Investment Securities holding was deliberate to optimize the risk return dynamics taking into consideration the flat yield curve and credit spread risk. These portfolio rebalancing initiatives also enabled an improvement in the overall liquidity positioning particularly in the final quarter, which was aimed at bolstering the Company's ability to successfully navigate the uncertainties associated with the COVID-19 pandemic while also providing sufficient cash resources to take advantage of opportunities that may arise due to depressed asset prices. As a result of these initiatives cash and cash equivalent increased 36.93% year over year. Liabilities also remained flat at US$507.56 million as at March 31, 2020 from US$510.18 million as at March 31, 2019.



SHAREHOLDERS' EQUITY

Shareholders' Equity Attributable to Owners of the Company increased by 9.13% to US$99.01 million as at March 2020 from US$90.73 million as at March 2019. The change is attributed to a significant increase in retained earnings arising from core growth and net impact of activities associated with Portfolio Assets namely JMMBGL and AFSL. The dislocation of asset prices throughout March due to the effects of the COVID-19 pandemic negatively impacted the Investment revaluation reserve resulting in a loss of US$14.87 million compared to a gain of US$2.69 million for the same period last year. However, this was offset by Retained Earnings which registered more than a two-fold increase compared to the period ended March 2019.



DIVIDEND PAYMENT

The Board of Directors approved a quarterly dividend of US$0.0028 per share to all Ordinary Shareholders on record as of July 6, 2020, which was paid on July 20, 2020. This represents an annualized tax-free dividend yield of 5.23% based on the average share price of US$0.28 for the year ended March 31, 2020.

FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

The following is a presentation of key financial data (in US$) derived from the unaudited consolidated financial statements of the Group stated for the period ended September 30, 2020, which are set out in full in Appendix 5.

Un-Audited Consolidated Statement of Financial Position

September 30, 2020

	September 2020 US$	September 2019 US$	MARCH 2020 US$
ASSETS			
Cash and cash equivalents	125,140,244	123,581,751	94,628,891
Resale agreements	1,818,657	11,635,626	5,742,153
Investment securities	261,505,826	295,505,571	291,396,093
Investment in Associates	132,626,869	106,999,548	118,987,158
Loans Receivable	27,057,158	26,872,183	28,855,004
Other Receivables	30,767,621	33,079,913	35,098,282
Property Development In Progress	7,893,929	1,528,182	3,752,631
Investment Property	11,780,378	25,864,005	12,270,426
Intangible Assets	19,342,734	18,253,782	19,194,111
Property, plant and equipment	3,967,484	2,284,189	3,057,071
Total Assets	621,900,900	645,604,750	612,981,820
LIABILITIES			
Client liabilities	72,300,089	78,590,148	78,024,460
Related company	1,730,008	7,934,265	931,929
Notes Payable	150,419,749	143,048,962	154,502,508
Preference shares	1,000	1,000	1,000
Other liabilities	23,403,931	41,337,731	23,665,653
Due to Customers	244,654,163	254,894,549	250,436,099
Total Liabilities	492,508,940	525,806,655	507,561,649
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	86,716,754	86,716,754
Investment revaluation reserve	3,026,548	6,838,078	(14,864,613)
Foreign exchange translation	103,358	(8,722,230)	(2,622,262)
Retained earnings	32,017,738	29,109,108	29,780,573
Total Shareholders' Equity	121,864,398	113,941,710	99,010,452
Minority Interest	7,527,562	5,856,385	6,409,719
Total Shareholders' Equity and Liabilities	621,900,900	645,604,750	612,981,820

Approved for Issue by the Board of Directors and signed on its behalf by

Director **Director**

Un-Audited Consolidated Statement of Income

for the period ended September 30, 2020

	Quarter ended September 2020	Quarter ended September 2019	Period ended September 2020	Period ended September 2019	Audited March 2020
	US$	US$	US$	US$	US$
INCOME					
Interest Income	2,910,693	6,931,913	6,001,188	13,812,933	20,284,963
Interest expense	(2,248,972)	(2,590,332)	(4,459,225)	(5,216,976)	(9,107,249)
Net Interest income	661,721	4,341,581	1,541,963	8,595,957	11,177,714
Other income					
Gains on securities trading	3,482,056	2,747,394	3,854,739	3,389,449	3,782,565
Dividend Income	6,343	7,205	10,112	39,718	32,950
Pension Management Income	785,317	847,777	1,567,942	1,652,293	3,432,337
Fees & Commissions	1,918,427	3,529,139	3,399,692	6,901,047	11,584,739
Foreign exchange translation gains/(losses)	251,209	519,219	632,400	1,186,972	1,908,083
Other Income	1,694,489	509,414	3,034,808	1,507,891	4,031,166
	8,137,841	8,160,148	12,499,693	14,677,370	24,771,840
NET REVENUE	**8,799,562**	**12,501,729**	**14,041,656**	**23,273,327**	**35,949,554**
OPERATING EXPENSES					
Depreciation and Ammortization of Intangibles	447,603	478,788	887,863	916,210	1,976,910
IFRS 9 Provisioning	(172,519)	(289,475)	(184,191)	(296,072)	361,576
Administrative and General Expenses	4,758,712	8,248,034	8,924,616	15,808,716	26,231,841
	5,033,796	**8,437,347**	**9,628,288**	**16,428,854**	**28,570,327**
OPERATING PROFIT	**3,765,766**	**4,064,382**	**4,413,368**	**6,844,473**	**7,379,227**
Preference dividend	(840,728)	(6,745,989)	(1,052,702)	(7,196,481)	(8,605,461)
Share of Results of Associates	1,747,455	1,672,821	3,289,402	3,132,699	10,437,606
Gain on Partial Disposal of subsidiary	-	23,970,846	-	23,970,846	24,930,378
	906,727	18,897,678	2,236,700	19,907,064	26,762,523
Profit before income tax	4,672,492	22,962,060	6,650,068	26,751,537	34,141,751
Income tax	(348,851)	(734,162)	(509,695)	(1,082,370)	(1,899,983)
NET PROFIT	**4,323,642**	**22,227,898**	**6,140,373**	**25,669,167**	**32,241,767**
Less income attributable to non-controlling interest	(935,364)	(870,356)	(1,342,843)	(1,876,290)	(2,263,193)
Profit attributable to owners of the company	**3,388,278**	**21,357,542**	**4,797,530**	**23,792,877**	**29,978,574**
EARNINGS PER STOCK UNIT - US cents	0.54	3.42	0.77	3.80	4.79

Un-Audited Consolidated Statement of Comprehensive Income

for the period ended September 30, 2020

	Quarter ended September 2020	Quarter ended September 2019	Period ended September 2020	Period ended September 2019	Audited March 2020
	US$	US$	US$	US$	US$
NET PROFIT	4,323,642	22,227,898	6,140,373	25,669,167	32,241,767
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss:					
Unrealised (loss)/Gain on investments securities	8,277,022	1,626,226	17,891,161	4,179,069	(18,363,927)
Foreign exchange translation reserve	4,177,785	(792,444)	2,725,620	(2,476,902)	4,440,738
Total Comprehensive income	**16,778,449**	**23,061,680**	**26,757,154**	**27,371,334**	**18,318,578**

Un-Audited Consolidated Statement of Cash Flows
for the period ended September 30, 2020

	Period ended September 2020	Period ended September 2019	Year-ended March 2020
	US$	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit	4,797,530	23,792,877	29,979,574
Cumulative transition effect of IFRS 9 Adoption	-	(17,240,866)	(17,240,866)
Foreign Exchange Translation			
Depreciation and Amortization	887,863	916,210	1,976,910
Income Tax Charge	509,695	1,082,370	1,899,982
Operating cashflow before movements in working capital	6,195,088	8,550,591	16,615,601
Changes in operating assets and liabilities			
Receivables	(9,730,787)	(31,229,932)	(11,457,353)
Loans	1,797,846	24,461,067	22,478,246
Client Liabilities	(1,957,330)	32,262,358	33,594,769
Payables	3,523,255	27,328,466	(2,311,605)
Investments	47,781,428	45,383,927	27,789,714
Related company	798,078	7,511,742	485,286
Net cash provided by operating activities	48,407,578	114,268,219	87,194,658
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments in associates	(13,639,712)	(8,786,682)	(20,774,292)
Purchase of property ,plant and equipment	(1,268,065)	(1,149,767)	(2,221,102)
Purchase/Disposal of intangible asset	(678,834)	16,475,894	14,773,318
Purchase of Investment Properties	490,048	(2,545,467)	(2,255,864)
Net cash (used in) provided by investing activities	(15,096,563)	3,993,978	(10,477,940)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	(4,082,759)	(42,501,526)	(31,047,979)
Minority Interest	1,117,843	(16,561,610)	(16,008,277)
Dividend Paid	(2,560,365)	(3,066,019)	(8,580,249)
Foreign Exchange Translation	2,725,619	(1,659,230)	4,440,738
Net cash used in by financing activities	(2,799,662)	(63,788,385)	(51,195,767)
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,511,353	54,473,812	25,520,951
Cash and cash equivalents at beginning of period	94,628,891	69,107,939	69,107,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	125,140,244	123,581,751	94,628,891

Un-Audited Consolidated Statement of Changes in Equity
September 30, 2020

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2020	86,716,754	6,409,719	(14,864,613)	(2,622,262)	29,780,573	105,420,171
Balance at April 1, 2020	86,716,754	6,409,719	(14,864,613)	(2,622,262)	29,780,573	105,420,171
Total Comprehensive (Loss)/Income for the period		1,342,843	17,891,161	2,725,619	4,797,530	26,757,153
Dividends to equity holders		(225,000)			(2,560,366)	(2,785,366)
Balance at September 30, 2020	86,716,754	7,527,562	3,026,548	103,357	32,017,738	129,391,958

Un-Audited Consolidated Statement of Changes in Equity
September 30, 2019

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2019	86,716,754	22,417,996	2,689,000	(7,063,000)	8,382,250	113,143,000
Balance at April 1, 2019 as restated	86,716,754	22,417,996	2,689,001	(7,063,000)	8,382,250	113,143,000
Total Comprehensive (Loss)/Income for the period	-	1,876,290	4,179,069	(2,476,902)	23,792,877	27,371,334
Partial Disposal of Subsidiary	-	- (17,695,153)	(29,991)	817,672	-	- (16,907,472)
Dividends to equity holders	-	(742,748)	-	-	- (3,066,019)	- (3,808,767)
Balance at September 30, 2019	86,716,754	5,856,385	6,838,078	(8,722,230)	29,109,108	119,798,095

SUMMARY OF FINANCIAL PERFORMANCE (6 MONTHS ENDED SEPTEMBER 30, 2020)

FINANCIAL PERFORMANCE

PIL registered a creditable performance for the six-month period ended September 30, 2020 despite the COVID-19 pandemic and its continued impact on the global and local economy. Net Profit attributable to Owners of the Company (NPAO) for the period amounted to US$4.80 million, down 17.49% compared to the normalized profit of US$5.81 million recorded for the period ended September 30, 2019. The year over year decline in NPAO primarily reflects decreases in Net Interest Income and Fees and Commission Income, emanating from a reduced equity holding in Access Financial Services Limited and lower business activity. The trajectory of the economic recovery remains uncertain as the negative effects of the COVID-19 pandemic continues. However, PIL is well positioned for recovery due to its continued implementation of its risk mitigation measures along with maintenance of adequate liquidity levels. Additionally, PIL's top priority remains centered around continued growth of our Private Equity and Real Estate strategies through acquisitions and the protection of our stakeholders. The company has performed well due to the diversity of its portfolio companies which garners well for the resilience displayed during the COVID-19 pandemic.

PERFORMANCE DRIVERS

PIL operates under three distinct business strategies, namely, (1) Private Equity (Financial Services and Real Sector), (2) Real Estate and (3) Treasury/PIL Proprietary.

1. PRIVATE EQUITY

JMMB Group Limited (JMMBGL)

PIL acquired 20.01% of the participating voting shares in JMMBGL in December 2018 and thereafter opted to maintain its 20.01% equity stake through its participation in JMMBGL's APO which closed in November 2019. JMMBGL is an associate company and contributed US$3.24 million in the form of Share of Profit for the period ended September 30, 2020. This amount is gross of the expenses arising from debt servicing associated with the costs of acquisition. JMMBGL's expanding presence in the onshore banking and insurance sub-industry within the region is consistent with PIL's ongoing strategy to diversify the portfolio of investments across the twenty-four (24) countries of the Caribbean and in Latin America.

PROVEN Wealth Limited (PWL)

PWL reported Profit Attributable to Equity Holders of US$1.09 million on total Revenues of US$4.97 million for the period ended September 30, 2020. Non-Net Interest Income accounted for 71.6% of Total Income, reflecting successful execution of the company's strategy to diversify revenue streams and reduce reliance on the repurchase agreement business. Pension Management Income, Fees and Commission and Interest Income were the top performing line items during the period. Total Administrative and General Expenses amounted to US$3.41 million, accounting for 38.4% of total Group Operating Expenses. Total Assets experienced a decline of 19.5% year over year to US$106.89 million as at September 30, 2020. The decline in assets was primarily attributed to a 21.2% decline in Investments steered by efforts to capture trading gains, boost liquidity and reduce debt.

PWL continues to focus on its strategy to grow its off-balance sheet wealth and advisory management business by offering innovative investment solutions to clients. PWL is also heavily focused on improving its operating efficiency aided by leveraging technology and FinTech such as its Proven Wealth App, IPO Pro and Global Trading Platform.

BOSLIL Bank Limited (BOSLIL)

PIL currently owns 75.0% of the equity of BOSLIL Bank Limited. BOSLIL recorded an impressive performance despite the challenging operating environment as Net Profit totaled US$5.28 million, resulting in US$3.93 million in Profit Attributable to Equity Holders being realized. The boost in Net Profit was mainly driven by the 22.6% increase in Revenue to US$7.13 million year over year, emanating from a two-fold increase in securities trading gains to US$3.51 million in contrast to the same period last year. Notable also is that Net Interest Income and Other Income accounted for 31.2% and 68.8% of Revenue respectively, reflecting the company's resilience to the low interest rate environment.

BOSLIL's Efficiency Ratio improved from 47.1% as at September 30, 2019 to 26.0% as at September 30, 2020 due mainly to a 32.4% decline in expenses and a 22.6% increase in Revenues year-over-year. Total Administrative and General Expenses amounted to US$1.85 million, accounting for 20.8% of total Group Operating Expenses. BOSLIL's Total Assets marginally declined by 1.1% year over year to US$278.47 million as at September 2020. BOSLIL's overall performance was mainly driven by growth in its core business, reflecting optimal asset-liability management and cost synergies which resulted in it posting an increase of 71.5% in Net Profit compared with the period ended September 30, 2019.

International Financial Planning (Cayman) Limited (IFP)

IFP is a licensed independent investment advisor with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from medium to high net worth individuals. The company reported a Net Profit of US$0.03 million compared to US$0.45million earned in the same period last year. This decline in Net Profit is primarily due to a 37.5% decline in the company's revenue line item Fees and Commission. PIL continues its process of re-engineering this business and anticipates revenue enhancement and cost synergy measures to bear fruit in the medium to long term. IFP operations are entirely focused on fee based off balance sheet activities, and as a result 94.6% of its revenue is derived from fees and commission which contributed 50.0% to the overall Fees and Commission reported by PIL for the period ended September 30, 2020.

Access Financial Services Limited (AFSL)

As a result of reduced holdings from 49.72% to 24.72% in September 2019, AFSL is recognized as an associate company resulting in the recognition of a share of its profit, instead of a consolidation of its results into PIL's Consolidated performance. AFSL's contribution for the financial period ended September 30, 2020 amounted to US$0.10 million.

Dream Entertainment Limited (DREAM)

In February 2019, PIL acquired a 20.0% equity stake in DREAM. The greater part of 2019 was spent on restructuring the DREAM organizational structure to improve operating efficiency while realizing some level of integration into the PIL structure. During the period ended September 30, 2020 the focus shifted to managing cashflow as it navigates the COVID-19 Pandemic while realizing the benefits of the restructuring initiatives undertaken in the prior year. The Management of DREAM remains confident and looks forward to the reopening of the Entertainment Sector.

2. REAL ESTATE

Real Properties Limited (RPL)

RPL reported Profit Attributable to Equity Holders of US$1.34 million. This performance contributed 27.9% to the Group's NPAO and represents a year over year decline of 1.1%. The decrease was mainly driven by a reduction in total income of 2.5%, mainly due to a reduction in sales. However, an improvement in sales is expected in the medium-term due to planned completions over the next 12 to 24 months. Total assets stood at US$37.73 million as at September 30, 2020, which represents a 8.0% increase compared to US$34.95 million reported as at September 30, 2019. This Company continues to diversify its portfolio of real estate holdings which as at September 30, 2020, included five (5) rental income properties and six (6) development sales projects, all at various stages of the development cycle. RPL continues to closely monitor the local and international real estate markets for new opportunities while making the requisite adjustment to successfully navigate the uncertainties associated with recent developments around the COVID-19 pandemic.

Residential Development	Location	Description	Status/Projected Completion Date
The César	21 Millsborough Avenue, Kingston 6	6 Villas & 9 Apartments	August 2021
VIA at Braemar	19-21 Braemar Avenue, Kingston 5	99 Apartments (51 Studios, 30 One Bedrooms, 18 Two Bedrooms)	September 2021
Mystic Ridge	Milford Road, St. Ann	156 Apartments (144 Studios, 12 Two Bedrooms)	September 2022
AVISTA at Bloomfield	Bloomfield, Mandeville	78 Apartments (40 Studios, 20 One Bedroom, 18 Two Bedrooms)	March 2022
Grove Park (52% stake)	Grove Park Avenue, Kingston 8	76 Apartment (48 One Bedroom, 28 Two Bedrooms)	May 2022
Omega Drive (40% stake)	Omega Drive- Grand Cayman	13 Townhouses (9 Two Bedroom, 4 Three Bedroom)	December 2021
RENT/LEASE	**Location**	**Description**	**Status/Projected Completion Date**
Real NPW	Newport West, Kingston 13	29,680 SF of commercial space	100% Occupancy
Real Portmore Pine 1	Portmore Pines Plaza, Greater Portmore	26,908 SF of commercial space	100% Occupancy
Real Portmore Pines 2 (51% stake)	Portmore Pines Plaza, Greater Portmore	51,689 SF of commercial space	100% Occupancy
Gladstone Commercial (60% stake)	Gladstone Drive, Kingston 5	41,872 SF of commercial space	Projected completion December 2021
Bloomfield Commercial	Bloomfield, Mandeville	~100,000 SF of commercial space	Projected Completion 2023

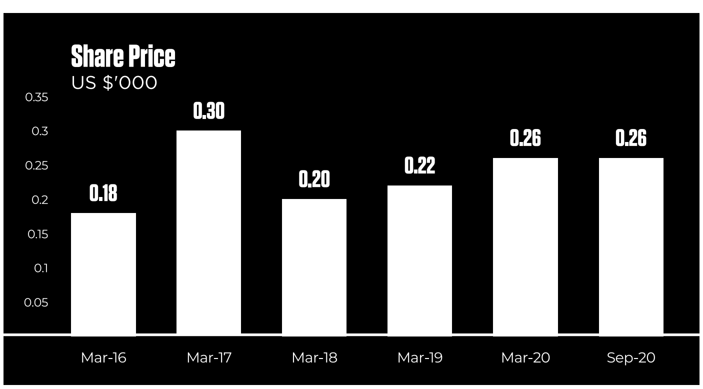
3. TREASURY / PIL PROPRIETARY

The Treasury segment of the PIL's operations generated a loss of US$1.68 million (net of all intercompany income and charges) for the period ended September 30, 2020. This was due to the deliberate shift in strategy to bolster liquidity via a sale of investment securities which resulted in a decline in Net Interest Income.

Also reflected in this segment is the Investment in JMMBGL which includes the share of profit net of interest charges. Net Interest income (NII) registered a loss of US$1.94 million largely reflecting debt servicing obligations associated with wholesale funding of the JMMBGL share acquisition. Total Administrative and General Expenses amounted to US$1.81 million, accounting for 20.4% of total Group Operating Expenses while Preference Dividend charges totaled US$1.05 million.

STATEMENT OF FINANCIAL POSITION

Total assets amounted to US$621.90 million as at September 30, 2020, which decreased by 3.7% from the US$645.60 million reported as at September 30, 2019. The year over year shift in the composition of Total Assets mainly emanated from a reduction in Investment Securities, Investment Property and Resale Agreements. The decision to reduce the Investment Securities holding was deliberate in an effort to maximize our liquidity position and reduce risk given the uncertainty of macroeconomic factors. Liabilities also decreased to US$492.51 million as at September 30, 2020 from US$525.81 million as at September 30, 2019, mainly as a result of a reduction in Client liabilities and Notes Payables.



SHAREHOLDERS' EQUITY

Shareholders' Equity Attributable to Owners of the Company increased by 7.0% to US$121.86 million as at September 30, 2020 from US$113.94 million as at September 30, 2019. The change is attributed to a 10.0% growth in retained earnings arising from core growth and the net impact of activities associated with selected Portfolio Assets. The dislocation of asset prices due to the COVID-19 pandemic negatively impacted the Investment revaluation reserve year-over-year as it declined by 55.7% to US$3.03 million from US$6.84 million reported in the comparable period last year. However, this represents a significant improvement from the US$5.25 million loss in revaluation reserve recorded as at June 30, 2020.

DIVIDEND PAYMENT

The Board of Directors approved a quarterly dividend of US$0.0025 per share to all Ordinary Shareholders on record as of November 25, 2020 to be paid on December 3, 2020. This represents a trailing twelve-month tax-free dividend yield of 3.65% based on the average share price of US$0.27 for the quarter ended September 30, 2020.

SHARE PRICE

PIL's share price on the USD Market at the close of each of the financial years between March 31, 2015 to March 31, 2020 has ranged between U$0.18 and US$0.26. As at September 30, 2020, the share price remained at US$0.26.

STRATEGIC OUTLOOK

PROVEN'S management is optimistic about the Group's future going into the second decade of operations. During 2019, the Board of Directors and Executive Management team finalized a three-year strategic plan. Emerging from this strategic review process was a redefinition of the PROVEN business model and a renewed vision statement.

The journey to Vision 2022 will be underpinned by two critical foundations:

1. 'Business as usual' transformation – this involves improving the existing foundation whilst growing organically. Our focus will be on maximizing value creation and extraction in respect of portfolio companies through both organic and inorganic growth.

2. ‘Future Proofing’ the Group – this involves a keen focus on continued growth through acquisition and ensuring that the Group remains relevant in this era of disruption. This will be executed through the strategic adoption of technology, as well as exploration of investment opportunities in fintech and investments within the non-financial service sectors.

Anchored by these two foundations, and relying on our investors, business model, governance structure and people/culture, we look forward to achieving these 2022 strategic objectives:

1. To be an efficient allocator of capital
2. To generate the highest possible risk-adjusted return for our shareholders
3. Sustainable business growth with a targeted capital base of US$150 million by 2022

The redefinition of PROVEN’s vision and strategy, reflects its evolution over its ten years of existence and a call to transform the “PIL Legacy”. We expect that this transformation will position PIL to allocate capital efficiently and reflects its ability to be agile and proactive in securing shareholders value.

While the Group remains focused on taking advantage of new acquisition opportunities, it recognizes with equal importance the significance of integrating, synergizing, and accelerating growth of its existing portfolio companies. To this end, the Group over the last eighteen months has:

1. Worked with the Investment Manager to strengthen its capacity to be a knowledge center for the benefit of the Group and provide support to portfolio companies in all functional aspects of the business including, IT, Risk Management, Marketing and Communication and HR.
2. Implemented a Deal Execution and Integration Management Framework to optimize value creation and extraction.

Strong Deal Pipeline

REAL ESTATE

US$ 15M
AGGREGATE DEAL SIZE

Via at Braemar
99 Apartments
Kingston 5

Grove Park
76 Apartments
Kingston 8

Bloomfield Residential
78 Apartments
Mandeville

Bloomfield Commercial
100sq.ft. Commercial Space
Mandeville

Milford
156 Apartments
St. Ann

Omega Drive Development
12 Townhouses
Grand Cayman

PRIVATE EQUITY
FINANCIAL SERVICES

US$ 30M
AGGREGATE DEAL SIZE

Opportunities spanning:

English Speaking Caribbean

Full-Service Banking, Investments and Advisory, Funds Administration and Corporate Services

Revenue diversification & off-balance sheet focus

Various stages of the due diligence process

3. Promoted human capital development aimed at building a culture of high performance.

INVESTMENT OPPORTUNITIES

PIL has a track record of delivering value to its shareholders in the three main areas of focus. The Invitation is intended to bolster the capital position of PIL, which will better enable the Company to take advantage of new investment opportunities at various stages within the deal pipeline.

We anticipate that we will deploy our available capital for the following purposes:

1. Allocation of additional capital to the real estate strategy to enable the execution of the development projects set out below
2. Acquisitions locally and regionally in the Financial Services and Real Sector

OPERATING ENVIRONMENT

The COVID-19 pandemic profoundly dominated global markets since the beginning of the year. Markets saw extreme declines and volatility in March as the US stock market trading was temporarily suspended on a number of occasions due to the size of daily moves.[1] Equities suffered steep declines across the spectrum of the developed market as countries went into lockdown to try and contain the outbreak and government bond yields declined markedly as investors flew to perceived safety. The S&P Index fell 34% to a low of 2,237.40[2] and the Dow Jones fell % to 20,704.91. Meanwhile credit spreads saw extreme widening as the S&P Investment Grade Corporate and High Yield Bond Indices credit spreads peaked at 366bps and 1020bps respectively.[3] All sectors experienced significant declines, notably energy stocks were hit the hardest with the addition of the oil price war weighing heavily on markets.[4]

As the crisis unfolded, governments and central banks around the world announced unprecedented support programs for businesses, households, and the financial system, helping to stabilize markets. The Federal Reserve (Fed) cut interest rates twice in March for the first time since the global financial crisis and announced unlimited quantitative easing.[5] According to The International Monetary Fund (IMF), the global economy is projected to decline sharply by 4.4% for the 2020 calendar year followed by a rebound of 5.2% in 2021, assuming successful containment efforts of COVID-19.[6]

Even though containment efforts in the US have been futile to date, the subsequent easing of lockdown restrictions, ongoing loose monetary policy from the Fed and optimism surrounding a potential COVID-19 vaccine led to a rapid return in risk appetite return supporting equity and credit markets. US Equities ended September strikingly higher from the low in March as the S&P 500 and Dow rose nearly 51.10% and 20% respectively closing at 3,380.80 and 27,816.90 on September 30, 2020.[7] Credit spreads also tightened from the highs in March, in particular the Investment Grade Credit spread Index declined by 304 bps from the high of 488bps on March 23rd and ultimately ended September at 184bps.[8]

Treasury yields increased over the period as the 10-year yield increased from a low of 0.50% in March to 0.68% as at the end of September 30, 2020.[9] Simultaneously, the 2-year Treasury yield fell from a high of 0.92% in March to close September at 0.13%,[10] thus reflecting a steepening in the yield curve over the period. This steepening is indicative of growing investor optimism surrounding the outlook for the economy and progress towards a COVID-19 vaccine. Also, the anticipated victory of Joe Biden over President Donald Trump was already priced in prior to the November election which meant investors in the US economy are perceiving increased probability for billions of dollars of additional COVID-19 stimulus and increased government spending.

Emerging markets (EM) fared well as equities also advanced amid global monetary and fiscal stimulus with the weakness in the US dollar amplifying returns. Both corporate and sovereign bond prices in the emerging market increased significantly as credit spreads tightened. The MSCI Emerging Markets Index increased by 42.71% to 1,082 as at September 30th 2020 from a low of 758.20 on March 23rd.[11] The US dollar maintained a relatively strong position as measured by the United States Dollar Index (DXY) declined by 9.69% from a high of 102.99 to end September 2020 at 93.89.[12]

The global economy continues to ascend from rock bottom to which it had plummeted during the lockdown in March/April. But with the virus continuing to spread rapidly with more than a total of 53 million cases worldwide,[13] many countries have slowed re-opening and others are reinstating lockdowns to protect susceptible populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks. As long as investors believe that markets will continue to benefit from policy support and remain optimistic about the COVID-19

1 Source: https://www.bloomberg.com/news/articles/2020-03-08/rout-in-u-s-stock-futures-would-trigger-trading-curbs-at-5
2 Source: https://www.forbes.com/sites/juliejason/2020/04/08/the-coronavirus-stock-market-a-market-gone-wild/?sh=7816c31ea31f
3 Source: https://www.spglobal.com/en/research-insights/articles/like-the-virus-credit-spreads-could-be-at-risk-of-a-possible-second-wave
4 Source: https://www.washingtonpost.com/business/2020/03/09/markets-economy-coronavirus/
5 Source: https://www.cnbc.com/2020/03/15/federal-reserve-cuts-rates-to-zero-and-launches-massive-700-billion-quantitative-easing-program.html
6 Source: https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020#Full%20Report%20and%20Executive%20Summary
7 Source: https://www.cnbc.com/quotes/?symbol=.SPX&qsearchterm=s&p
8 Source: https://fred.stlouisfed.org/series/BAMLC0A4CBBB#0
9 Source: https://www.cnbc.com/quotes/?symbol=US10Y
10 Source: https://www.cnbc.com/quotes/?symbol=US2Y
11 Source: https://www.investing.com/indices/msci-emerging-markets
12 Source: https://www.investing.com/indices/usdollar
13 Source: https://www.worldometers.info/coronavirus/

vaccine, asset valuations may stay elevated for some time. However, if the economic recovery is delayed, there is a risk of a sharp adjustment in asset prices or periodic bouts of volatility.

Growth stagnated in the Latin America and Caribbean region to 0.1% in 2019 and is expected to contract to -8.1% in 2020 and resume growth to 3.6% in 2021.[14] Monetary policy should remain accommodative given the subdued inflation outlook and elevated unemployment throughout the region. A significant number of countries in the Latin America and Caribbean region have received IMF support amounting to US$25 billion in 2020 and precautionary lending totaling US$107 billion has been expanded to the region.[15] Overall risks to the region's outlook remain skewed to the downside and uncertainty about the pandemic's evolution remains a key source of risk.

Real GDP growth for Jamaica was recorded at negative 18.4%[16] for the quarter ended June 30, 2020 and is expected to be -8.6%[17] overall for calendar 2020. The foreign exchange market continues to be impacted from lack of inflows from the tourism sector and declines in remittances, creating tightened liquidity for USD and placing downward pressure on the JMD. The weighted average USD/JMD rate appreciated by 7.15% from the beginning of the year to end September 2020 at 141.57. Monetary policy remains accommodative with a policy interest rate of 0.5% with expectations of remaining unchanged for the rest of the year.[18] Meanwhile inflation was reported at 4.88% for September 30, 2020, within BOJ's targeted rage of 4-6%. [19]

CORONAVIRUS IMPACT

Markets saw extreme declines and volatility in March 2020, the final month of PIL's financial year. Stock market trading in the US was temporarily suspended on a number of occasions due to the size of daily moves and for several days companies were unable to issue bonds in March 2020 due to illiquid bond market. Government bond yields and prices were volatile, first reaching extreme lows on heightened fear, but then rising as investors panicked and sold liquid assets extensively to raise cash. As the crisis unfolded, governments and central banks around the world announced unprecedented support programs for businesses, households, and the financial system, helping to stabilize markets throughout the six-month period ended September 2020. Although resurgence of cases and small bouts of volatility persisted over the period ended September 2020, the market continued to ascend given investors' continued optimism in unlimited central bank support as necessary, and positive developments surrounding a potential COVID-19 vaccine.

The dislocation of asset prices negatively impacted the Group's Investment revaluation reserve, resulting in a loss of US$14.87 million as at March 31, 2020, but due to the improvement in market conditions this reserve recovered markedly to a gain of US$3.03 million as at September 30, 2020. Net Profit attributable to Owners of the Company (NPAO) for the period ended September 30, 2020 was adversely affected by COVID-19 as it was reported at US$4.80 million, down 17.49% versus the normalized profit of US$5.81 million for the comparable period last year. Despite this, the Group has performed well overall and displayed solid resilience mainly due to the diversity of portfolio companies' holdings and proactive response to the pandemic.

14 Source:https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020#Full%20Report%20and%20Executive%20Summary

15 Source: https://www.imf.org/en/News/Articles/2020/06/24/sp062420-a-joint-response-for-latin-america-and-the-caribbean-to-counter-the-covid-19-crisis

16 Source: http://www.boj.org.jm/

17 Source: https://www.imf.org/en/Countries/JAM

18 Source: http://www.boj.org.jm/uploads/pdf/ie_survey/ie_survey_sep2020.pdf

19 Source: http://www.boj.org.jm/

10. CORPORATE GOVERNANCE STRUCTURE

PIL's corporate governance structure is led by its experienced Board of Directors. Supporting the Board's work in this area is the personnel provided by PML, including its Investment Management Committee. A short description of the key roles and functions of each body is set out below:

PIL's Board of Directors:
PIL's Board of Directors has the following responsibilities as it relates to the investment management process:

i. The engagement of the Investment Manager and the monitoring of its performance.

ii. Overseeing the establishment of appropriate systems and internal controls designed to ensure that the investment activities and holdings are consistent with the strategies of the Company and that the implementation of the strategies remains consistent with the portfolio policy objectives.

iii. The annual review and approval of the Company's investment policies and procedures.

iv. The review of the Company's investment activities and holdings at Board meetings.

The Investment Manager:
PML, as the Investment Manager, is responsible for making recommendations to PIL's Board in respect of PIL's investment policies and procedures, which when adopted by PIL's Board constitutes the Company's Investment Policy. It also has certain investment decision making responsibilities, in accordance with the Investment Policy. PML functions through its own management team, as well as its Investment Management Committee (the "IMC") which meets monthly (or more frequently, when necessary), and is accountable to PML's Board of Directors.

The specific duties of the IMC are to:

I. receive and review data on current market conditions and economic outlook in regional and international markets

II. review monthly reports on -
   a. investment portfolio strategy, objectives and results
   b. summaries of all portfolio positions and their market values, including details of all major categories of securities held in the portfolio.
   c. details of portfolio segmentation, mix, yields, cost and market values
   d. portfolio duration
   e. cash flow and liquidity

III. disclose any exceptions to the Investment Policy, and the plan and timetable within which compliance will be achieved.

IV. oversee compliance by PIL and its subsidiaries with the risk management policies and procedures approved by the Board of PIL and to review the adequacy of the risk management framework in relation to the risks faced by the Company

The IMC also approves the purchase, sale and exchange of securities, investments and loans, within the stipulated guidelines and limits set out in the Investment Policy.

PML's management team is responsible for:

I. formulating investment portfolio strategy, objectives and results in conjunction with the clients;

II. conducting the necessary due diligence on each asset category and on individual securities;

III. purchasing and selling investments within the approved portfolio mix and subject to discretionary limits;

IV. valuation and pricing of the portfolios;

V. reviewing the portfolios on an ongoing basis; and

VI. reporting on the portfolios to the Investment Management Committee and PML's Board of Directors

11. RISK EXPOSURES & RISK MANAGEMENT STRATEGIES

The activities of PIL and its direct and indirect subsidiaries are principally related to investments in the real sector and the financial services sector, private equity, real estate development and trading in financial instruments. These activities are diverse and span different cultures and geographies therefore exposing PIL, as the ultimate holding company, to a variety of risks, including but not limited to, credit risk, liquidity risk, market risk (including currency risk, interest rate risk and price risk) and operational risk. The aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

PIL's Board of Directors is ultimately responsible for the establishment and oversight of the risk management strategy ensuring that PIL maintains a comprehensive risk management framework applicable to PIL and its subsidiaries inclusive of a structure that incorporates regular reviews, policies and standards setting and testing of controls. PIL's risk management framework incorporates relevant policies that govern the boundaries within which the strategic objectives of the Company are pursued. The 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. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors has established the Audit and Compliance Committee as a sub-committee of the Board of Directors, which is responsible for ensuring that the risk management framework is continuously reviewed and strengthened, in addition to assisting the Board in fulfilling its oversight responsibilities for:

- The integrity of the Company's financial statements.
- The Company's policies, programs and procedures to ensure compliance with the relevant legal and regulatory requirements, the Company's Code of Ethics and Conduct, policies, other relevant standards and best practice.
- The Company's efforts to comply with legal obligations arising from material agreements and undertakings.
- The qualifications and independence of the Company's external auditors, and
- The performance of PIL's internal audit function and its external auditors

The Audit and Compliance Committee meets at least quarterly and inquires on the significant risk exposures that might exist, and assesses the steps that have been taken to minimize the risk exposures of the Company. The Audit and Compliance Committee is comprised mostly of those directors identified by the Company as independent directors, in keeping with JSE requirements, and those directors are identified in Section 6 of this Prospectus.

Included in the risk management framework are the functions performed by PML's Investment Management Committee. As part of PML's contractual responsibilities, the Investment Management Committee oversees compliance with the risk management policies and procedures approved by the Board of PIL and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The major risks affecting the Company and the risk management activities deployed are as follows;

Credit Risk - Credit risk is the risk of default by an obligor. Credit risk may be disaggregated into three (3) types of risk:

i. Default (Counterparty) risk – the possibility that the issuer will fail to meet its payment obligations or other contractual covenants. Technical default may occur due to the issuer's violation of other agreed terms (e.g. failure to maintain a certain financial ratio at/above a pre-determined level).
ii. Credit spread risk – measured by the amount of yield differential above the return on a benchmark, default-free security (e.g. Treasury bills) demanded by investors to compensate for buying the riskier security. The risk is that the riskier security might offer a lower than required premium.
iii. Downgrade risk – risk that a bond will be reclassified as a riskier security by a credit rating agency (e.g. Standard & Poor's). A downgrade in the rating of a security usually leads to a fall in its market price.

This risk is managed primarily by reviews of the financial status of each obligor. The results of each review forms a part of the reporting package of the IMC and Audit and Compliance Committee meetings. Additional credit risk mitigation activities deployed by the Company to mitigate credit risk exposure include:

- ensuring that no credit rating for an asset falls below the minimum approved rating. Credit ratings are sourced from international rating agencies such as S&P, Moody's or CariCris, or from internal credit research.
- ensuring that the assets are diversified across various issuers (e.g. countries, corporations) subject to limitations on the maximum exposure to any one issuer.

Liquidity Risk - Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. PIL's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal or stressed conditions. Prudent liquidity risk management procedures which are used include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

The Company's liquidity management process includes:

- monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;
- maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flows;
- optimising cash returns on investments;
- monitoring statement of financial position liquidity ratios against internal requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and
- managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for these projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Market Risk - Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market. These arise mainly from changes in foreign currency rates ("foreign currency risk"), interest rates ("interest rate risk"), and equity prices ("equity price risk") and will affect the Company's income or the value of its holdings of financial instruments. Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets, as previously indicated. Market risk exposure is measured using sensitivity analysis.

i. Foreign Currency Risk - Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. PIL is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than its functional currency, the US$. The main currencies giving rise to this risk are the J$, the Euro, the Canadian dollar, the Australian dollar and the British pound sterling. The Company manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept at the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

ii. Interest Rate Risk - Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. This risk is managed by PML through its continuous update of its outlook for interest rate which guides its duration risk and fixed vs floating rate positioning. PML engages in stress testing and interest rate sensitivity analysis to assess and quantify the level of risk exposure under varying market conditions. The maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, PML expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

iii. Equity Price risk - Equity price risk arises from equity securities held by the Company as part of its investment portfolio. PML monitors the mix of debt and equity securities in PIL's investment portfolio based on market expectations.

Operational risk: Operational Risk is the risk arising from execution of an enterprise's business functions and in particular the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events such as:

- Internal Fraud - misappropriation of assets, tax evasion, intentional mismarking of positions and bribery;
- External Fraud - theft of information, hacking damage, third-party theft and forgery;
- Employment Practices and Workplace Safety - discrimination, workers compensation, employee health and safety;
- Clients, Products, & Business Practice - market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning;
- Damage to Physical Assets - natural disasters, terrorism, vandalism;
- Business Disruption & Systems Failures - utility disruptions, software failures, hardware failures;
- Execution, Delivery, & Process Management - data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets.

Operational Risk is managed through a robust internal audit structure. The Company has recently undertaken a revamp of the internal audit framework to enhance the process through the greater involvement of management of each operating subsidiary embracing their overall responsibility for establishing and maintaining systems of internal controls and reviewing the effectiveness of these controls, and PML is responsible for reporting on this to the Company. The internal auditors perform comprehensive quarterly internal audits of the Company's operations, focusing on the operational areas that have been assessed as determined by the Audit and Compliance Committee, and report directly to the Audit and Compliance Committee.

12. OTHER RISK FACTORS RELATED TO PIL AND THE NEW ORDINARY SHARES

Notwithstanding PIL's robust risk management framework it is faced by several risk factors in the normal course of its activities. In view of this, prospective investors in the New Ordinary Shares should give careful consideration to the information contained in this Prospectus and where necessary solicit advice from licensed professional advisors. Potential investors should be mindful that the risk factors outlined below and elsewhere in this Prospectus is not an exhaustive list of all the risks that the Group can become susceptible to, therefore due consideration should be given to such inherent risk that may arise.

Regulatory and Legal Uncertainties

Changes in approach by regulators of companies in the Group in relation to existing regulatory requirements or the introduction of new regulations, may affect the operations of PIL and/or other members of the Group and affect profitability.

Non-compliance with applicable laws and regulations could lead to substantial monetary and or reputational damage and/or fines, public reprimands, increased regulatory scrutiny or other regulatory restrictions. Further, members of the Group who are subject to regulatory oversight may face the potential for prosecution in certain circumstances, or, in extreme cases, revocation of license to operate.

Taxation Uncertainties

The tax structure resulting from the provisions of the CARICOM Double Taxation Treaty which provides one of the advantages of investing in PIL to Applicants who are resident in Jamaica may be subject to change in the future, a factor over which PIL has no control.

Price Volatility

PIL cannot predict the likely trading activity of the New Ordinary Shares after they are listed on the JSE, nor the likely price movement. Fluctuations may occur as result of the occurrence of any of the factors set out this Section 12 as well as:

- the Company's reported financial performance
- perceptions by investors of the likely future financial performance of the Company
- economic conditions in the business sectors and economies in which the Company holds investments
- overall market conditions affecting the equity market and the attractiveness of stocks as an investment when compared to alternative forms of investments.

Issue of Additional Ordinary Shares

The Company may hereafter authorize the issue of additional ordinary shares. Such shares, once issued, may rank pari passu with the existing ordinary shares. The issue of additional ordinary shares may affect the trading price of the ordinary shares.

The Ordinary Shares have limited voting power

The ordinary shares of the Company, in the aggregate, control only a maximum of 50% of the voting rights in PIL, as the Manager's Preference Shares collectively hold 50% of the voting rights in PIL on matters other than the Investment Manager's fees (on which each Manager's Preference Share carries one vote).

Macro-Economic Policies

Changes in fiscal and monetary policies by the Government of Jamaica or the government of any state or territory in which we have investments may create opportunities as well as challenges for PIL or members of the Group. Fluctuations in market interest rates may influence the relative attractiveness of the dividend yield. The price of the ordinary shares may be adversely affected by the annual dividend yield relative to the yield on other available financial instruments.

New Accounting Rules or Standards

PIL may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require changes in the way PIL reports its financial position, operating results or cash flows.

Such changes could be applied retrospectively. The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgment in applying relevant accounting policies; for example, the calculation of expected credit losses and significant increases in credit risk for financial assets under IFRS 9 or fair value of financial instruments where observable market prices are not available. There is a risk that if the judgment exercised or the estimates or assumptions used subsequently turn out to be incorrect then this could result in an adverse impact on the Group's financial results.

Competitive Environment

Changes in the macro and business environment may lead to intensified levels of competition in the jurisdictions in which PIL operates, as other market participants look to the private equity asset class as a means of enhancing returns. This could lead to an increase in valuation levels, therefore negatively impacting the pipeline of viable private equity deals. New market entrants and or consolidation in the subsectors in which portfolio companies operate may lead to increased competitive pressures which could negatively impact market share and profitability. To combat competitive pressures PIL will need to proactively execute on strategies to grow existing businesses while expanding through new acquisitions.

Cross Border Operations/ Risks Associated with International Conditions

Though incorporated in St Lucia, PIL currently has investment assets and subsidiaries in several different countries, therefore it is exposed to adverse event risk which may impact its financial results and by extension its share price. Additionally, the nature of PIL's investment activities exposes it to developments in the international arena as described below:

- international political and economic conditions;
- changes in Government regulations in various countries;
- trade barriers;
- adverse tax consequences

13. LICENSES & REGULATORY FRAMEWORK

PIL does not hold, nor is it required to hold any licenses in Jamaica or in St. Lucia. PIL is registered as an international business company under the International Business Companies Act of St. Lucia and is of good standing within the meaning of section 116 thereof. PIL has not established a place of business in Jamaica and accordingly is not required to be registered under the Companies Act of Jamaica.

PROVEN Management Limited (the Investment Manager) is licensed by the Financial Services Commission of Jamaica as a securities dealer and investment adviser.

As regards PIL's subsidiaries, the following information applies:

NAME OF ENTITY	REGULATORS
PROVEN Wealth Limited	Financial Services Commission, the Bank of Jamaica
Boslil Bank Limited	Financial Services Regulatory Commission of Saint Lucia
International Financial Planning Group	Cayman Islands Monetary Authority, the British Virgin Islands Financial Services Commission and the Bermuda Monetary Authority

14. LITIGATION

Neither the Company nor any of its subsidiaries is currently engaged in any material litigation in which they are the defendants, nor are they aware of any such pending material litigation.

15. CONSENTS

Pursuant to section 374 (1) (a) of the Companies Act, KPMG has given and not withdrawn its consent (as set out at Appendix 4 hereto) to the issue of this Prospectus with the inclusion therein of its reports and the references to its name in the form and context in which they are included.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on any Business Day during the hours of 9:00 am to 4:00 pm, at the offices of Proven Wealth Limited, 7 Haining Road, Kingston 5:

(1) the Memorandum and Articles of Association of PIL (as amended);

(2) the Investment Management Agreement between PIL and PML

17. STATUTORY & GENERAL INFORMATION

PART 1 - The information set out in the following paragraphs (1) – (19) is required to be set out pursuant to section 373 (1) (b) of the Companies Act:

1. With reference to paragraph 1(1)(a) of Part 1 of the Third Schedule to the Companies Act (the "Third Schedule"), the Company has no founders or deferred shares. The Company has management shares in the form of the Manager's Preference Shares, as described in this Prospectus. Paragraphs 1(1)(b) and (c) of Part 1 of the Third Schedule do not apply, this Prospectus being issued more than two years after the date on which PIL was entitled to and actually commenced business.

2. No minimum amount is required to be raised out of the proceeds of the Invitation to provide for any of the matters set out in paragraph 2 of Part 1 of the Third Schedule.

3. The application lists will open at 9:00 a.m. on the Opening Date and will close at 4:00 pm on the Closing Date. The Company reserves – (i) the right to close any application list at any time without notice whether or not Applications have been received for the full amount of the respective New Ordinary Shares available for subscription, and – (ii) the right(s) to extend such closing beyond the date(s) above-mentioned and/or increase the number of New Ordinary Shares available for subscription in the Invitation, subject to the maximum number of New Ordinary Shares made available for subscription in the Invitation not exceeding 134,124,037 New Ordinary Shares. All Applicants will be required to pay in full, on Application, the Subscription Price per New Ordinary Share, and no further sum will be payable on Allotment.

4. Within the two preceding years of the date of this Prospectus, the Company offered 178,571,429 new ordinary shares for subscription to the public in March 2020. No new ordinary shares were allotted arising from that offering.

5. No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.

6. The aggregate amounts respectively of the Company's trade investments, quoted investments other than trade investments and unquoted investments other than trade investments as at September 30, 2020 are set out in Section 8 hereof.

7. The amount for goodwill, patent, or trademarks shown in the financial statements or ascertainable from the books of the Company is as set out in the table below:

Intangible Assets	**Customer Relationships US$**	**Non-Compete US$**	**Trade Name US$**	**Goodwill US$**	**License US$**	**Computer Software US$**	**Total US$**
Net Book Value							
September 30, 2020	8,985,504	49,500	463,000	7,161,776	397,325	2,285,629	19,342,734

8. Regarding paragraph 5(1)(c) of Part 1 of the Third Schedule, the aggregate amount of bank loans, overdrafts and other liabilities owing by the Company as of September 30, 2020 was US$492.51 million, of which bank loans and overdrafts constituted US$320,738.

9. Apart from such amounts already recommended for distribution by way of dividend and paid or to be paid accordingly within the current financial year ending March 31, 2021, no further amount has been recommended by the Directors for distribution by way of dividend as at the date of issue of this Prospectus, and accordingly paragraph 5(1)(d) of Part I of the Third Schedule does not apply.

10. As respects paragraphs 7 and 8 of the Third Schedule, as at the date of issue of this Prospectus, there is no identifiable property which has been or is proposed to be purchased or acquired by the Company which is to be paid for wholly or partly out of the proceeds of this Invitation, or the purchase or acquisition of which has not been completed at the date of the issue of this Prospectus, and accordingly, there is no 'property' to which paragraph 7 or paragraph 8 of Part 1 of the Third Schedule applies.

11. For the reason stated in paragraph (10) above, paragraph 9 of Part 1 of the Third Schedule does not apply.

12. Regarding paragraph 10(1)(a) of Part 1 of the Third Schedule, within the two preceding years, no commission has been paid, nor will any be payable by the Company to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.

13. Paragraph 10(1)(b) of Part 1 of the Third Schedule does not apply, the Company having commenced business more than two years before the issue of this Prospectus. The total expenses of the Invitation will be borne by the Company and those expenses are estimated to be an amount not exceeding 3% of the amount sought to be raised by the Company.

14. As respects paragraph 10(1)(c) of Part 1 of the Third Schedule, within the last two years preceding the date of this Prospectus no amount or benefit has been paid or given or is intended to be paid or given to any promoter.

15. As respects paragraph 11 of Part 1 of the Third Schedule, in the two preceding years before the issue of the Prospectus, the only material contracts which the Company has entered into are those entered into in the ordinary course of the Company's business, or those which were entered into more than two years before the date of issue of this Prospectus.

16. As respects paragraph 12 of Part 1 of the Third Schedule, the name and address of the auditors of the Company are KPMG of 204 Johnsons Centre, #2 Bella Rosa Rd, Gros Islet, St. Lucia, W.I.

17. This Prospectus is issued more than two years after the date on which the Company was entitled to commence and actually commenced business; accordingly, paragraph 13 of Part 1 of the Third Schedule does not apply.

18. As regards paragraph 14 of Part 1 of the Third Schedule, the issued share capital of the Company consists of three classes of shares, namely (i) ordinary shares (ii) the Manager's Preference Shares and (iii) cumulative redeemable preference shares. The voting rights and the rights in respect of capital and dividends attached to each class of shares are as set out in Appendix 1.

19. Paragraph 15 of Part 1 of the Third Schedule does not apply, the Company having been incorporated on December 16, 2009 and having carried on business since that date.

PART 2 - The additional information set out in the following paragraphs (1) and (2) is required to be set out pursuant to section 373 (1 (a) of the Companies Act, which requires the inclusion of particulars with respect to the following matters:

1. **the date on which and the country in which the company was incorporated:**
   The Company was incorporated in St. Lucia on December 16, 2009.

2. **whether the company has established a place of business in the Island, and, if so, the address of its office in the Island:**
   The Company has not established a place of business in Jamaica.

18. APPLICATION PROCEDURES AND CONDITIONS OF INVITATION

1. You may apply for the New Ordinary Shares in the Invitation by using (i) the relevant Application Form included with this Prospectus, which is available for download on our website at **www.weareproven.com** and the JSE's website at **www.jamstockex.com** or (ii) by way of IPOPRO, the Lead Broker's online application portal, which can be accessed by logging on to **www.ipopro.com** or (iii) any other approved online application portal used by an appointed Selling Agent for the Invitation.

2. Each Application for the New Ordinary Shares must be for a minimum of 1,000 New Ordinary Shares, and Applications above this amount shall be in multiples of 100 New Ordinary Shares.

3. If you apply via IPOPRO, you should follow the instructions set out in Appendix 2. If you utilize a Selling Agent's approved portal, you should comply with the instructions provided by such Selling Agent. If you choose to apply using a paper Application Form, your duly completed and signed Application Form **TOGETHER WITH** the following supporting documents should be delivered to the locations specified at Appendix 6 of this Prospectus on or before **4:00 pm** on the Closing Date. Your Application will be deemed incomplete if the applicable supporting documents are not included.

   Supporting Documents

   1. Copy of valid identification (Driver's Licence, Passport or National ID) for all individual Applicants
   2. Copy Tax Registration Number card for all Applicants resident in Jamaica *(NB: if the document tendered at Item 1 is the Jamaican driver's licence, this will not be required)*.
   3. Payment or proof of payment using an Approved Payment Method (where applicable)

4. Each Application must be accompanied by payment or evidence of payment using an Approved Payment Method. The Approved Payment Methods shall be any one of the following:

   (i) Manager's cheques payable to your Stockbroker for amounts less than J$1 Million per cheque* where the Applicant is subscribing in J$

   (ii) US$ bank draft, drawn on a Jamaican bank and negotiable in Jamaica and made payable to your Stockbroker.

   (iii) Cleared funds in the currency in which the Subscription Price is being paid held in an investment account in the Applicant's name at the Lead Broker supported by an authorisation from the Applicant (in such form as determined by the Lead Broker) instructing the Lead Broker to transfer the payment to the applicable Lead Broker's account (i.e., whether J$ or US$), the details of which are set out below.

   (iv) Transfer of funds in the currency in which the Subscription Price is being paid from Applicant's account held with their Stockbroker to the applicable Lead Broker's account (i.e., whether J$ or US$).

   (v) Transfer in the Real Time Gross Settlement (RTGS) or Automated Clearing House (ACH) system to your Stockbrokers account as indicated in this Prospectus, where the Applicant is subscribing in J$.

   (vi) Wire transfer to your Stockbroker's US$ account as indicated in this Prospectus, where the Applicant is subscribing in US$.

   ** a penalty of J$5,000.00 is imposed by bankers in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00*

All clients **transferring funds via Wire &/Or RTGS** to PWL, should **ONLY use these accounts:**

US Dollars (USD) Transfers:	
Bank	Citibank NY
Address	111 Wall Street New York, NY 10043
ABA	021000089
For credit to	PROVEN Wealth Limited
Account Number	36256315
Jamaican Dollars (JMD) Transfers	
Bank	Citibank N.A
Swift	CITIJMK1
For credit to	PROVEN Wealth Limited
Account Number	0022374079

5. The Company reserves the right to:
   (i) close the application list at any time without prior notice if Applications have been received prior to the Closing Date for the full amount of the New Ordinary Shares made available for subscription or
   (ii) extend such closing beyond the above-mentioned date or.
   (iii) suspend the acceptance of Applications at any time without prior notice after the opening of the application list for such period as the Directors shall determine; or
   (iv) withdraw the Invitation at any time without prior notice after the opening of the application list and close the application list without accepting any Applications, in which event any Subscription Price paid by Applicants shall be refunded in full in the currency in which it was paid.

   In any of the above cases, the Company will provide notice as soon as reasonably practicable via a press release in Jamaica and by posting a notice on the website of the Jamaica Stock Exchange at **www.jamstockex.com** and at the Company's website at **www.weareproven.com**. In addition, the Company may elect in its sole discretion to reduce the number of New Ordinary Shares available for subscription in which case the Company will issue a press release and post a notice on the website of the Jamaica Stock Exchange as soon as reasonably practicable upon such decision being made.

6. The Board in their sole discretion may accept (in whole or in part) or reject in whole or in part any Application to subscribe for New Ordinary Shares even if the Application is received, validated and processed. Accordingly, the number of New Ordinary Shares allocated to you may be reduced.

7. Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of New Ordinary Shares by the Registrar on behalf of the Company to an Applicant (whether such New Ordinary Shares represent all or part of those specified by the Applicant in their Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted New Ordinary Shares at the Subscription Price, subject to PIL's Articles of Association and the terms and conditions set out in this Prospectus.

8. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. New Ordinary Shares will be allocated after close of the application list when all the valid Applications are received.

9. If the Invitation is oversubscribed, the Company may in its sole discretion take any or a combination of the following actions:
   (i) Elect at any time prior to the closing of the Invitation or on the Closing Date, to upsize the Invitation by making up to 44,708,000 further New Ordinary Shares available for subscription by Applicants, bringing the maximum size of the Invitation to 134,124,037 New Ordinary Shares. The decision to upsize shall be in the sole discretion of the Company, and the Company does not represent or warrant that it will exercise the option to upsize. In the event that the Company exercises its discretion under this paragraph 9, it shall make reference thereto in any announcement it issues for the purposes of the closing of the Invitation and the publication of the basis of allotment following the Closing Date (or earlier);
   (ii) notwithstanding that the intention of the Company is to allot the New Ordinary Shares on a first come, first served basis, if the Invitation is oversubscribed, the Company reserves the right to allot the New Ordinary

Shares to Applicants on a basis to be determined by it in its sole discretion, including on a pro rata basis. In this case Applicants may be allotted fewer New Ordinary Shares than they applied for.

10. In the event that any of (i) the Reserved Pools or (ii) the Non-Reserved Pool is undersubscribed, all Applicants in such category will be allocated 100% of the New Ordinary Shares for which such Applicant applied. Unallocated New Ordinary Shares in such category(ies) will be allocated to such pool(s) where Applications have been received for New Ordinary Shares in excess of the stated amount allocated in such pool(s).

11. Multiple Applications by the same Applicant shall be treated as a single Application for the purpose of Allocation/Allotment. For this purpose, Applicants will be regarded as being the same where it is either the same individual or corporate Applicant or, in the case of joint Applicants, the joint holders identified for each Application are the same.

12. Amounts refundable to Applicants whose Applications are not accepted in whole or in part will be refunded based on the instructions given in their Application. Refunds will be initiated via electronic transfer at the risk of the Applicant within ten clear (10) days after the Closing Date. As refunds to Applicants will only be made electronically, the required details of the Designated Account to facilitate refund payments by that method must be provided on the Application. The Company does not accept the risk of loss in respect of delays in effecting refunds, provided it has initiated the refund using the instructions provided by the Applicant.

13. In respect of each Application which is accepted in whole or in part by the Company, New Ordinary Shares will be issued and allotted in the name of that Applicant (or in the joint names of joint Applicants. Each letter of allotment will be mailed through the post at the Applicant's risk to the address of the Applicant (or of the primary Applicant) stated in the Application, or at the Company's option, emailed to your email address as set out in the Application. Letters of allotment are not transferable or assignable. The Company will dispatch the letters of allotment within ten clear (10) days after the Closing Date. No share certificates will be issued, unless specifically requested through your broker.

14. Upon the issue of the New Ordinary Shares, it is the intention of the Company to have the issued New Ordinary Shares listed on the Main Market and the USD Market of the JSE. To this end, the Company intends to apply promptly after the close of the Invitation for admission of the New Ordinary Shares to enable them to be listed in the same manner as the Company's Existing Ordinary Shares are currently listed as a supplemental listing. This statement is not to be construed as a guarantee that the New Ordinary Shares will be listed.

15. This Invitation shall be governed by, and construed in accordance with the laws of Jamaica.

The undersigned, being the Chairman and two other directors of the Company, hereby certify, pursuant to section 372 (3) of the Companies Act 2004 of Jamaica, that this Prospectus was approved for issue on the date hereof by a resolution of the Board of Directors of PROVEN Investments Limited.

Dated as of the 23rd day of December 2020.

Signed on behalf of PROVEN INVESTMENTS LIMITED by:

CHAIRMAN
Hon. Hugh Hart, O.J.

DIRECTOR
John A. Collins

DIRECTOR
Garfield Sinclair

APPENDIX 1

RIGHTS, TERMS AND CONDITIONS OF THE CLASSES OF SHARES IN THE COMPANY

1. Clause 7 of PIL's Amended and Restated Memorandum of Association is set out below in its entirety. Sub-paragraphs (a) to (l) of Clause 7 (2) contain the rights, terms and conditions applicable to the Manager's Preference Shares:

"7. The authorized capital shall be made up of three classes of shares:

(1) 2,999,990,000 Ordinary Shares of a par value of US$0.01 each; and

(2) 10,000 Manager's Preference Shares of a par value of US$0.01 each, which shall the following rights, terms and conditions:

(a) the Manager's Preference Shares shall rank pari passu as between and among themselves;

(b) each Manager's Preference Share [sic] be entitled to a cumulative annual preference dividend in the sum which is equal to – (i) 25% of the profits and gains of the Company (calculated in accordance with International Financial Reporting Standards prevailing from time to time, and expressed in US Dollars) in each financial year in excess of the Annual Earnings Hurdle (expressed in US Dollars) for such financial year, divided by (ii) the number of Manager's Preference Shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the Hurdle Rate is applied to the average equity of the Company during such financial year;

(c) For the purposes of paragraph (b) of sub-clause 7(2), the Hurdle Rate will be determined and reset annually, and the Hurdle Rate applicable to a particular financial year of the Company shall be fixed as at the first day of that financial year and shall be the rate which is 2% per annum above the 12-month LIBOR rate prevailing on that day, provided however that – (i) the Hurdle Rate shall be capped at and shall in no event exceed 6%, and (ii) during the first two (2) financial years of the Company the Hurdle Rate shall not be less than 5%;

(d) during each financial year of the Company, an amount being equal to the Investment Manager's best estimate of one-fourth (1/4) of the current financial year's cumulative annual preference dividend (calculated by reference to the Company's management accounts for each financial quarter and financial year-to-date and the Investment Manager's good faith projections of the Company's earnings for the remainder of such financial year) shall be paid each financial quarter in arrears to the holders of the Manager's Preference Shares (on account of the cumulative annual preference dividend for that financial year), and any adjustment which may be required based on the Company's annual audited financial statements shall be added or recovered (as the case may require) in equal instalments over the next four successive quarterly payments arising after the Company's annual audited financial statements are finalised;

(e) paragraph (b) and/or (c) of sub-clause 7(2) may be varied by an ordinary resolution of members which is supported by the affirmative vote of the holder(s) of a majority of the Manager's Preference Shares, but shall not otherwise be varied without the approval in writing of the holder(s) of a majority of the Manager's Preference Shares;

(f) in the event that the cumulative annual preference dividend is not paid in full in respect of any particular financial year of the Company, the unpaid portion thereof shall accumulate and be payable out of the profits and gains of the Company in next ensuing financial years until it has been paid in full;

(g) the Manager's Preference Shares shall, apart from the right to the cumulative annual preference dividend, have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a pari passu basis with the capital paid on the Ordinary Shares;

(h) the holder(s) of the Manager's Preference Shares shall have the right to receive notices of, attend, vote at and demand a poll at general meetings of the Company;

(i) with the intent that on all resolutions and decisions in general meeting (other than those referred to in paragraph (j) of sub-clause 7(2)) the Manager's Preference Shares shall as a class be entitled to not less than the number of votes

to which the Ordinary Shares as a class are entitled, each one of the Manager's Preference Share shall be entitled to the number of votes which results when – (i) the total number of votes comprised by all the Ordinary Shares then in issue, is divided by (ii) the total number of Manager's Preference Shares then in issue, and any fraction of a vote that would otherwise be applicable to each Manager's Preference Share shall be rounded up to one additional vote (so that, by way of an hypothetical example only, if there are 30,000,000 Ordinary Shares and 10,000 Manager's Preference Shares in issue, each one of the Manager's Preference Shares shall be entitled to 3,000 votes);

(j) on any resolution which, if passed, will result in any variation of either or both of paragraphs (b) and (c) of sub-clause 7(2), each Manager's Preference Share shall be entitled to one vote;

(k) in the event that an entity which is (or becomes) the Investment Manager subsequently ceases to be the Investment Manager in accordance with the relevant provisions of the Company's Articles of Association, each one of the Manager's Preference Shares held by that entity (or by a direct or indirect subsidiary of that entity, or by a corporation having the same direct or indirect shareholders as that entity) shall thereupon automatically convert into a fully paid Ordinary Share in the Company (so that, by way of an hypothetical example, if such entity holds 10,000 Manager's Preference Shares, those Manager's Preference Shares will automatically convert into 10,000 fully paid Ordinary Shares upon the entity ceasing to be the Investment Manager as aforesaid); and

(l) in sub-clause 7(2), the "12-month LIBOR rate" means the rate for 12-month US Dollar inter-bank deposits published by the British Bankers' Association (as to which the Investment Manager's determination thereof shall, in the absence of manifest error, be final and binding on the Company)."

(3) 1,000,000 Cumulative Redeemable Preference Shares having a par value of US$0.01 per share.

(a) All designations, powers, preferences, rights, qualifications, limitations and restrictions whether in regard to dividend, voting, return of capital or otherwise shall be fixed by the Directors of the Company pursuant to Regulation 5 of the Company's Articles of Association, provided that no such shares shall be issued without the written consent of the Investment Manager being fist [sic] had and obtained in accordance with Regulation 126 of the Company's Articles of Association.

(b) All Cumulative Redeemable Preference Shares may, if the Directors so decide, be converted to Cumulative Redeemable Preference Stock Units upon issue.

2. All Cumulative Redeemable Preference Shares previously issued by the Company have since been redeemed, and accordingly, none of this class of shares is in existence as at the date of this Prospectus. If the Company elects to issue additional Cumulative Redeemable Preference Shares in the future, the rights, terms and conditions of issue of such shares will be as determined by the Board of Directors in exercise of their rights under the Articles of Association of the Company, subject only to the written consent of the Investment Manager being first had and obtained pursuant to Regulation 126 of the Articles of Association of the Company, which provides that:

"Other than the 10,000 Manager's Preference Shares issued to the Investment Manager, the Company shall not issue any other Manager's Preference Shares, or any class of shares other than Ordinary Shares, or any securities which are convertible into shares, or any securities (other than Ordinary Shares) which carry voting rights, without the Investment Manager's prior written consent thereto."

3. As regards the Ordinary Shares, the following rights, terms and conditions apply:

(a) As to voting: The holders of the Ordinary Shares shall be entitled to receive notice of and to attend all general meetings of the Company. On a show of hands every member present in person shall have one vote, and on a poll every member present in person or by proxy shall have one vote for each share of which he is a holder.

(b) As to capital: In the event of the liquidation, dissolution or winding up of the Company, the Ordinary Shareholders shall be entitled to share equally and ratably in the Company's assets, if any, remaining after the payment of all of the Company's debts and liabilities, subject to any liquidation preference on any issued and outstanding preference shares at the time of such liquidation, dissolution or winding up.

(c) As to dividend: The holders of the Ordinary Shares shall be entitled, as such, to receive dividends and the Company shall pay dividends thereon, as and when recommended by the Directors of the Company in their absolute discretion and in accordance with the Articles of Association of the Company, in such amount and in such form as the Directors may from time to time recommend.

APPENDIX 2

APPLICATION FORM & IPOPRO INSTRUCTIONS

PROVEN

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: PROVEN INVESTMENTS LIMITED

Re: Invitation for Subscription of up to 134,124,037 New Ordinary Shares, provided that the number of New Ordinary Shares available for subscription in the Invitation may be increased by a maximum of 44,708,000 New Ordinary Shares, for a total maximum of 134,124,037 New Ordinary Shares.

I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated into this Application Form by reference. Capitalized words and expressions used herein shall bear the same meanings as are ascribed thereto in the Prospectus.

I/We hereby apply for ____ Ordinary Shares in the PIL APO:

- ☐ From the Non-reserved Pool at a price of US$0.2300/J$33.50 per Ordinary Share.
- ☐ From the Existing Shareholder Pool at a price of US$0.2250/J$32.80 per Ordinary Share.
- ☐ From the Reserved Pool at a price of US$0.2200/J$32.10 per Ordinary Share.

I/We have remitted payment for the sum of J$/US$____ for my/our subscription and the JCSD processing fee of J$163.10 (inclusive of GCT).

I/We agree to accept the above or any smaller number of New Ordinary Shares in respect of which this Application may be accepted, subject to the terms and conditions in the Prospectus and the Memorandum and Articles of Association of Proven Investments Limited, by which I/we agree to be bound. I/We request you to issue to me/us the number of New Ordinary Shares which may be allocated to me/us at the close of the Offer upon the terms and conditions governing Applications, as set forth in the Prospectus. I/We hereby irrevocably agree to accept the New Ordinary Shares that may be allocated and issued to me/us.

PRIMARY HOLDER (Either Company or Individual)

BROKER CODE: ☐☐ **JCSD NUMBER:** ☐☐☐☐☐☐☐☐☐ **TRN NUMBER** ☐☐☐☐☐☐☐☐

Name: ____ ______________________________ __________
Surname/Company Name First Name Middle Initial

Address: ____ Town/District: __________________

Postal/Zip Code: __________________________ Parish/ City: _____________________________ Country:__________________

Mailing address (if different):____

E-mail Address: _______________________________Occupation:___________________________Phone#:__________________

Nationality: _________________ Date of Birth (DDMMYYYY) ____/____/______ ID Type & Number __________________________

Signature:

Companies: _____________________________________ ____
Director Director/Secretary

Individual: _____________________________________ ____
Applicant Date signatures affixed

FIRST JOINT HOLDER: ________________________________ ___________________________ ___________

Surname First Name Middle Initial

Occupation: _____________________ TRN#: _____________________Signature:_____________________________

SECOND JOINT HOLDER: ________________________________ ___________________________ ___________

Surname First Name Middle Initial

Occupation: _____________________ TRN#: _____________________Signature:_____________________________

THIRD JOINT HOLDER: ________________________________ ___________________________ ___________

Surname First Name Middle Initial

Occupation: _____________________ TRN#: _____________________Signature:_____________________________

FOURTH JOINT HOLDER: ________________________________ ___________________________ ___________

Surname First Name Middle Initial

Occupation: _____________________ TRN#: _____________________Signature:_____________________________

PAYMENT INFORMATION

SUBSCRIPTION PAYMENT

- ☐ I have submitted my application via IPO PRO and remitted payment to PROVEN Wealth Limited.
- ☐ J$ Manager's cheque made payable to my Stockbroker.
- ☐ Debit my/our Account _______________________ held with my Stockbroker.
- ☐ US$ bank draft, drawn on a Jamaican bank and negotiable in Jamaica and made payable to my Stockbroker.
- ☐ Transfer via RTGS/ACH to my Stockbroker's account as indicated in this Prospectus (J$ subscriptions only)
- ☐ Cleared funds in my/our account at PROVEN Wealth Limited.
- ☐ Wire transfer to my Stockbroker's US$ account as indicated in this Prospectus(US$ subscriptions only).

NON-PROVEN clients submitting paper application forms, please contact your stockbroker for banking information/payments details.

Applicants submitting **paper or electronic applications** through any selling agent, or stockbroker must pay such selling agent or stockbroker who will submit their Application and make payment to PROVEN Wealth on the Applicants behalf.

All applicants using PWL's online platform, IPO PRO, please see instructions below on how to apply by logging onto ipopro.com.

Please note that PROVEN does not accept any responsibility for failure by any selling agent, or stockbroker to submit Application Forms on a timely basis

PROVEN Wealth clients who wish to make payments via RTGS or ACH, please see banking information below:

All clients **transferring funds via Wire &/Or RTGS** to PWL, should **ONLY use these accounts:**

US Dollars (USD) Transfers:	
Bank	Citibank NY
Address	111 Wall Street New York, NY 10043
ABA	021000089
For credit to	PROVEN Wealth Limited
Account Number	36256315
Jamaican Dollars (JMD) Transfers	
Bank	Citibank N.A
Swift	CITIJMK1
For credit to	PROVEN Wealth Limited
Account Number	0022374079

IPOPRO INSTRUCTIONS

IPOPRO is an advanced and sophisticated digital platform that allows Applicants to submit Applications within minutes.

STEPS TO USE IPOPRO

SIGNUP

1. Visit web address ipopro.com (no www. needed)
2. Create an account by selecting the signup link
3. Enter your details (name, email and create password)
4. Agree to the terms of service (Ensure that you read)
5. Hit the 'sign me up' button and you are done..

SUBMITTING AN APPLICATION IN THIS INVITATION (APO)

1. Go to the IPO link in the main navigation
2. Select or search for this Invitation
3. Select this Invitation; this will take you to the Offer details page
4. Select the 'apply' button.
5. You will be taken to the application wizard
   (a) Enter your personal details and select your broker.
   (b) Add your joint holders (if applicable).
   (c) Select one of the following Approved Payment Methods
      (i) Wire transfer
      (ii) Manager's Cheque
      (iii) PWL A/C
   (d) Enter banking details for refund/dividend payments
   (e) Upload required documents
   (f) Add your signature by:
      (i) Downloading the PROVEN Wealth app, and going to the IPOPRO tab and signing digitally, or
      (ii) Downloading your application in PDF form , signing manually and uploading signed form.

   Please note that all joint holders (except minors) must have a signature affixed to the form regardless of the method selected.

   (g) The final step is to review your application details, and click 'submit'
6. Your application status may be viewed at any time under the 'My applications' tab in your account.

APPENDIX 3

AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING MARCH 31, 2020

KPMG
204 Johnsons Centre
No. 2 Bella Rosa Road
Gros-Islet
Saint Lucia
Telephone: (758)-453-2298
Email: ecinfo@kpmg.lc

INDEPENDENT AUDITORS' REPORT

To the Members of
PROVEN INVESTMENTS LIMITED

Opinion

We have audited the consolidated financial statements of Proven Investments Limited ("the Company") and its subsidiaries ("the Group") set out on pages 10 to 90, which comprise the Group's consolidated statement of financial position as at March 31, 2020, the Group's consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Saint Lucia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters

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

1. *Measurement of Expected Credit Losses*

Key Audit Matter	*How the matter was addressed in our audit*
The determination of expected credit losses ('ECL') on financial assets is highly subjective and requires management to make significant judgement and estimates. The key areas requiring greater management judgement include the identification of significant increases in credit risk ('SICR'), the determination of probabilities of default, loss given default, exposures at default, management overlay and the application of forward-looking information. These estimates involve increased judgment as a result of the economic impacts of Covid-19 on the Group's financial assets. Management considered the following: - qualitative factors that create COVID-19 related changes to SICR. - increased uncertainty about potential future economic scenarios and their impact on credit losses.	We performed the following procedures: • Obtained an understanding of the models used by management for the calculation of expected credit losses on financial assets. • Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's impairment methodologies, including the criteria used to determine significant increases in credit risk and independently assessed the assumptions for probabilities of default, losses given default and exposures at default. • Involved our financial risk modelling specialists to evaluate the appropriateness of the Group's methodology for incorporating forward-looking information and management overlays, and the economic scenarios used along with the probability weightings applied to them.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters (Continued)

1. *Measurement of Expected Credit Losses (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
Significant management judgement is used in determining the appropriate variables and assumptions used in the ECL calculations, which increases the risk of a material misstatement. Therefore, the impairment of financial assets has a high degree of estimation uncertainty. *See notes 4(j) and 36(b) of the consolidated financial statements.*	• Assessed the adequacy of the disclosures of the key assumptions and judgements for compliance with IFRS 9.

2. *Impairment of intangible assets, and investment in subsidiaries and asociates*

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the Group's intangible assets including goodwill, may not be recoverable due to changes in the business and economic environment in which the relevant subsidiaries operate. Additionally, the effects of Covid-19 on overall economic activity and the deteriorating trading conditions adversely affected the prices of equity investments and and increased the risk of impairment of the associated intangible assets and investment in subsidiaries and associates.	Our audit response included: • Evaluating whether there were indicators of impairment of the investments, considering market prices, the economic environment and business performance of each subsidiary and associate. • Testing the reasonableness of the Group's forecasts and discounted cash flow calculations, including use of our own enterprise valuation specialists to evaluate the assumptions and methodologies used by management and to test the mathematical accuracy of the calculations.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters (Continued)

2. *Impairment of intangible assets, and investment in subsidiaries and associates (continued)*

Key Audit Matter	*How the matter was addressed in our audit*
These factors create increased uncertainty in forecasting, and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability. *See notes 12 and 13 of the consolidated financial statements.*	• Comparing the Group's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions. • Comparing the sum of the discounted cash flows to the investees' market capitalisation, where applicable and our understanding of the market conditions, to assess the reasonableness of those cash flows. • Assessing the adequacy of the Group's disclosures about the key assumptions and the sensitivity of the impairment assessments to changes in key assumptions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Key Audit Matters (Continued)

3. Valuation of investment securities

Key Audit Matter	*How the matter was addressed in our audit*
The valuation of the Group's investment securities requires significant estimation, which is impacted by uncertainty of market factors. The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly, if fair value is determined based on market prices, or indirectly if a valuation technique is based on inputs that are derived from volatile markets. *See notes 6 and 37 of the consolidated financial statements.*	In performing our audit in respect of this matter, we did the following: • Involved our own valuation specialists in challenging the valuation methodologies and assumptions used by management to determine the fair value of investment securities and derivatives. This included independent computations and comparison of the fair value of structured notes. • Reviewed management's assessment and considered whether impairment is appropriately considered and reflected in the measurement of investments. • Assessed the adequacy of the Group's disclosures about fair value measurements and the sensitivity of the fair values to changes in key assumptions.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Other Information (Continued)

Our opinion on the consolidated 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 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 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 financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.

KPMG

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
PROVEN INVESTMENTS LIMITED

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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 financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix of this auditors' report. This description, which is located at pages 8-9, forms part of our auditors' report.

The engagement partner on the audit resulting in this independent auditors' report is Lisa Brathwaite.

KPMG

Chartered Accountants
July 20, 2020

Castries
Saint Lucia

To the Members of
PROVEN INVESTMENTS LIMITED

Appendix to the Independent Auditors' report

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 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 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 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 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 Company to cease to continue as a going concern.

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

To the Members of
PROVEN INVESTMENTS LIMITED

Appendix to the Independent Auditors' report (continued)

- 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 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 matter 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.

PROVEN INVESTMENTS LIMITED

Group Statements of Financial Position
As of March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	Notes	2020 $'000	2019 $'000 *(Restated, Note 38)*	2018 $'000 *(Restated, Note 38)*
ASSETS				
Cash and cash equivalents	4(c)(ii)	94,629	69,108	89,363
Resale agreements	5	5,742	10,056	24,373
Investment securities	6	291,396	336,740	369,085
Loans receivable	7	28,855	51,334	41,557
Other assets	8	12,993	9,307	10,350
Property development in progress	9	11,869	10,597	-
Income tax recoverable		-	66	51
Guarantees and letters of credit		12,583	2,366	-
Property, plant and equipment	10	3,057	1,355	1,039
Investment property	11	12,270	14,229	17,348
Intangible assets	12	19,376	35,423	20,014
Investment in associates	14	118,988	80,972	-
Deferred tax asset	21	1,224	1,768	1,389
Total assets		612,982	623,321	574,569
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities				
Repurchase agreements	15	77,609	88,625	93,709
Owed to related parties	16	932	423	98
Notes payable	17	154,503	185,550	110,961
Current income tax payable		1,210	688	1,143
Other liabilities	18	6,427	8,082	4,220
Due to banks		420	522	2,187
Due to customers	19	250,432	221,051	240,829
Deferred income		1,813	2,854	-
Guarantees and letters of credit		12,963	2,382	-
Lease liabilities	20	1,252	-	-
Preference shares	22	1	1	16,416
Total liabilities		507,562	510,178	469,563
Stockholders' equity				
Share capital	23	86,716	86,716	86,716
Fair value reserve	24	(14,865)	2,689	(8,194)
Foreign exchange translation reserve	25	(2,622)	(7,063)	(6,875)
Retained earnings		29,781	8,383	12,281
Equity attributable to owners of the Company		99,010	90,725	83,928
Non-controlling interest	26	6,410	22,418	21,078
Total stockholders' equity		105,420	113,143	105,006
Total liabilities and stockholders' equity		612,982	623,321	574,569

The consolidated financial statements on pages 10 to 90 were approved for issue by the Board of Directors on July 20, 2020 and signed on its behalf by:

_______________ Director
Rhory McNamara

_______________ Director
Jeffrey Gellineau

The accompanying notes form an integral part of the consolidated financial statements.

Group Statements of Profit or Loss and Other Comprehensive Income
Year ended March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	Notes	2020 $'000	2019 $'000 *(Restated, Note 38)*
Net interest income and other revenue			
Interest income, calculated using the effective interest method	27	20,285	26,206
Interest expense	27	(9,107)	(7,475)
		11,178	18,731
Dividends		34	342
Fees and commissions		11,572	8,202
Net fair value adjustments and realised gains/(losses)	28	3,783	1,139
Net foreign exchange gains		1,910	1,633
Gain on disposal of subsidiary	13(b)	24,930	-
Pension management income		3,434	2,832
Operating revenue, net of interest expense		56,841	32,879
Other income		13,390	4,841
Total		70,231	37,720
Operating expenses			
Staff costs	29	12,876	11,640
Depreciation and amortisation	10,12	1,996	1,848
Impairment loss/(reversal) on loans and other assets		1,462	1,089
Impairment loss/(reversal) on investments		362	(476)
Property expenses		9,359	116
Other operating expenses	30	11,867	11,916
Total		37,922	26,133
Operating profit		32,309	11,587
Preference share dividend	32(f)	(8,605)	(1,289)
Share of profit of associates	14	10,438	1,308
Profit before income tax		34,142	11,606
Income tax charge	31	(1,900)	(1,665)
Profit for the year		32,242	9,941
Profit attributable to:			
Owners of the company		29,979	6,847
Non-controlling interest	26	2,263	3,094
Profit for the year		32,242	9,941
Earnings per stock unit	33	4.79¢	1.09¢

The accompanying notes form an integral part of the consolidated financial statements.

PROVEN INVESTMENTS LIMITED

Group Statements of Profit or Loss and Other Comprehensive Income (Continued)
Year ended March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	2020 $'000	2019 $'000 *(Restated, Note 38)*
Profit for the year	32,242	9,941
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Realised gains on securities at FVOCI	1,013	1,596
Unrealised losses on securities at FVOCI	(7,914)	(204)
Deferred tax on fair value adjustment on securities at FVOCI and ECL	773	878
Exchange differences on translation of foreign operations	4,441	(188)
Share of other comprehensive (loss)/ income in associates (note 14)	(12,236)	5,049
Total other comprehensive (loss)/income	(13,923)	7,131
Total comprehensive income for the year	18,319	17,072
Total comprehensive income attributable to:		
Owners of the Company	16,866	13,978
Non-controlling interests	1,453	3,094
Total comprehensive income for the year	18,319	17,072

The accompanying notes form an integral part of the consolidated financial statements.

Group Statement of Changes in Equity
Year ended March 31, 2020
(Presented in United States dollars, except as otherwise stated)

	Share capital $'000 (Note 23)	Fair value reserve $'000 (Note 24)	Foreign exchange translation reserve $'000 (Note 25)	Retained earnings $'000	Attributable to equity holders of the Company $'000	Non-controlling interest $'000 (Note 26)	Total $'000
Balances at March 31, 2018, as previously reported	**86,716**	**(8,194)**	**(6,875)**	**13,448**	**85,095**	**22,257**	**107,352**
Prior year adjustment (Note 38)	-	-	-	(1,167)	(1,167)	(1,179)	(2,346)
Restated balances at March 31, 2018	86,716	(8,194)	(6,875)	12,281	83,928	21,078	105,006
Adjustment on impact of initial application of IFRS 9, net of tax	-	3,564	-	(5,679)	(2,115)	-	(2,115)
Restated balances at April 1, 2018	86,716	(4,630)	(6,875)	6,602	81,813	21,078	102,891
Total comprehensive income for 2019							
Profit for the year, as previously reported	-	-	-	6,968	6,968	3,217	10,185
Prior year adjustment (Note 38)	-	-	-	(121)	(121)	(123)	(244)
As restated	-	-	-	6,847	6,847	3,094	9,941
Other comprehensive income for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	(188)	-	(188)	-	(188)
Realised gain on securities at FVOCI	-	1,596	-	-	1,596	-	1,596
Unrealised loss on debt securities at FVOCI	-	(204)	-	-	(204)	-	(204)
Deferred tax credit on fair value adjustments	-	878	-	-	878	-	878
Share of associates' other comprehensive income	-	5,049	-	-	5,049	-	5,049
Other comprehensive income for year, net of tax	-	7,319	(188)	-	7,131	-	7,131
Total comprehensive income for the year	-	7,319	(188)	6,847	13,978	3,094	17,072
Transactions with owners recorded directly in equity							
Dividends to equity holders (Note 34)	-	-	-	(5,066)	(5,066)	(1,754)	(6,820)
Balances at March 31, 2019, as restated	**86,716**	**2,689**	**(7,063)**	**8,383**	**90,725**	**22,418**	**113,143**
Total comprehensive income for 2020							
Profit for the year	-	-	-	29,979	29,979	2,263	32,242
Other comprehensive loss for the year							
Foreign exchange differences on translation of foreign subsidiary's financial statements	-	-	4,441	-	4,441	-	4,441
Realised gain on securities at FVOCI	-	1,013	-	-	1,013	-	1,013
Unrealised loss on debt securities at FVOCI	-	(7,104)	-	-	(7,104)	(810)	(7,914)
Deferred tax credit on fair value adjustments	-	773	-	-	773	-	773
Share of associates' other comprehensive loss	-	(12,236)	-	-	(12,236)	-	(12,236)
Other comprehensive loss for year, net of tax	-	(17,554)	4,441	-	(13,113)	(810)	(13,923)
Total comprehensive income	-	(17,554)	4,441	29,979	16,866	1,453	18,319
Transactions with owners recorded directly in equity							
Disposal of subsidiary with NCI	-	-	-	-	-	(16,361)	(16,361)
Dividends to equity holders (Note 34)	-	-	-	(8,581)	(8,581)	(1,100)	(9,681)
Balances at March 31, 2020	**86,716**	**(14,865)**	**(2,622)**	**29,781**	**99,010**	**6,410**	**105,420**

The accompanying notes form an integral part of the consolidated financial statements.

Group Statements of Cash Flows
Year ended March 31, 2020
Presented in United States dollars, except as otherwise stated)

	Notes	2020 $'000	2019 $'000 *(Restated, Note 38)*
Cash flows provided/(used) by operating activities			
Profit for the year		32,242	9,941
Adjustments for:			
Depreciation	10	667	386
Amortisation	12	1,329	1,462
Interest income	27	(20,285)	(26,206)
Interest expense	27	9,107	7,475
Dividend income		(34)	(342)
Impairment loss/(reversal) on loans and other assets		1,462	1,089
Impairment loss/(reversal) on investments		362	(476)
Share of profit of associates	14	(10,438)	(1,308)
Fair value adjustment on investment property	28	(952)	(1,978)
Gain on disposal of subsidiary	13(b)	(24,930)	-
Unrealised foreign exchange gain		(1,910)	(1,633)
Amortisation of transaction cost on issue of preference shares		-	323
Income tax charge	31	1,900	1,665
		(11,480)	(9,602)
Change in operating assets and liabilities			
Investment securities		39,960	36,980
Loans receivable		(6,371)	(6,070)
Other assets		(4,400)	4,054
Other liabilities		(2,944)	1,193
Due to customers		29,381	(19,778)
Due to other banks		(102)	(1,665)
Repurchase agreements		(11,016)	(5,084)
Resale agreements		4,314	14,317
Owed to related party		509	325
Deferred income		(1,041)	2,854
Development in progress		2,942	(1,507)
		39,752	16,017
Interest received		20,675	24,079
Dividend received		34	342
Interest paid		(8,868)	(8,815)
Income tax paid		(1,143)	(2,206)
Net cash provided by operating activities		50,450	29,417
Cash flows provided/(used) by investing activities			
Acquisition of subsidiaries, net of cash acquired		-	(19,829)
Acquisition of associate, net of dividends		(17,324)	(74,615)
Proceeds from disposal of property, plant and equipment		13	-
Proceeds from disposal of subsidiary		16,245	-
Purchase of investment property		(1,161)	(3,993)
Purchase of property, plant and equipment		(1,254)	(702)
Purchase of intangible asset	12	(1,630)	(377)
Repayment of preference shares		-	(16,737)
Net cash used by investing activities		(5,111)	(116,253)
Net cash flows provided/(used) by operating and investing activities (carried forward to page 15)		45,339	(86,836)

The accompanying notes form an integral part of the consolidated financial statements.

Group Statements of Cash Flows (Continued)
Year ended March 31, 2020
Presented in United States dollars, except as otherwise stated)

	Notes	2020 $'000	2019 $'000 *(Restated, Note 38)*
Net cash flows provided/(used) by operating and investing activities (brought forward from page 14)		45,339	(86,836)
Cash flows provided/(used) by financing activities			
Translation adjustment in respect of foreign subsidiaries		3,497	(188)
Notes payable		(13,318)	73,589
Payment of lease liabilities	20	(316)	-
Dividends paid	34	(9,681)	(6,820)
Net cash (used)/provided by financing activities		(19,818)	66,581
Net increase/(decrease) in cash and cash equivalents		25,521	(20,255)
Cash and cash equivalents at beginning of year		69,108	89,363
Cash and cash equivalents at end of year		94,629	69,108

The accompanying notes form an integral part of the consolidated financial statements.

(Presented in United States dollars, except as otherwise stated)

1. Identification

Proven Investments Limited ("the Company") is incorporated and domiciled in Saint Lucia under the International Business Companies Act, with registered office at 20 Micoud Street, Castries, Saint Lucia. The Company's shares are listed on the Jamaica Stock Exchange.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding equity in investments.

The Company has the following subsidiaries and associated companies:

Subsidiaries	Country of incorporation	Nature of Business	Percentage ownership 2020	2019
Boslil Bank Limited	Saint Lucia	Private Banking	75	75
Boslil International Holdings Limited	Saint Lucia	Holding company	100	100
Boslil Bond Fund Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Equity Fund Limited	Saint Lucia	Private mutual fund	100	100
Boslil Secretarial Services	Saint Lucia	Private secretarial services	100	100
Boslil Corporate Services Limited	Saint Lucia	Registered agent services	100	100
Boslil Finance Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Sudamenco S.A.	Uruguay	Market research translation and business development services	100	100
Access Financial Services Limited and its wholly-owned subsidiary [note 13(b)]	Jamaica	Retail lending	-	49.72
Embassy Loans Inc.	U.S.A.	Retail lending	100	100
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, pension fund management and money market and equity trading	100	100
International Financial Planning Jamaica Limited *(formerly Proven Fund Managers Limited)*	Jamaica	Fund management	100	100
International Financial Planning (Cayman Limited)	Cayman Islands	Investment advisory services	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Real Properties Limited and its wholly-owned subsidiaries:	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	100
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	100
Real PP Limited	Saint Lucia	Real estate investment	100	100
Real 53 NPW Limited	Saint Lucia	Real estate investment	100	100
Proven Reit Limited	Jamaica	Management services	100	100
Proven Holding Limited	Jamaica	Investment advisory services	100	100
Associate companies				
JMMB Group Limited	Jamaica	Investment management and banking services	20	20
Dream Entertainment Limited	Jamaica	Entertainment	20	20
Access Financial Services Limited [note 13(b)]	Jamaica	Retail lending	24.72	-

2. Basis of preparation

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

This is the first set of the Group's annual financial statements in which IFRS 16, *Leases* has been applied. Changes to significant accounting policies are described in note 3.

At the date of approval of these financial statements, certain new and amended standards and interpretations were in issue but were not effective at the reporting date and had not been early-adopted by the Group.

The Group has assessed them and determined that the following may be relevant to its operations:

(i) Amendments to *References to Conceptual Framework in IFRS Standards* is effective retrospectively for annual reporting periods beginning on or after January 1, 2020. The revised framework covers all aspects of standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and de-recognised in the financial statements.

- New 'bundle of rights' approach to assets will mean that an entity may recognise a right to use an asset rather than the asset itself;
- A liability will be recognised if a company has no practical ability to avoid it. This may bring liabilities on balance sheet earlier than at present.
- A new control-based approach to de-recognition will allow an entity to derecognise an asset when it loses control over all or part of it; the focus will no longer be on the transfer of risks and rewards.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

(ii) Amendments to IFRS 3 *Business Combinations,* applicable to businesses acquired in annual reporting periods beginning on or after January 1, 2020, provides more guidance on the definition of a business. The amendments include:

(a) An election to use a concentration test by way of an assessment that results in an asset acquisition, if substantially all of the fair value of the gross asset is concentrated in single identifiable asset or a group of similar identifiable assets.

(b) Otherwise, the assessment focuses on the existence of a substantive process. A business consists of inputs and processes applied to those inputs to create outputs.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

2. Basis of preparation (continued)

(a) Statement of compliance (continued):

(iii) Amendment to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* is effective for annual periods beginning on or after January 1, 2020, and provides the following definition of 'material' to guide preparers of financial statements in making judgements about information to be included in financial statements:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The Group does not expect the amendment to have a significant impact on its 2021 financial statements.

(iv) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures,* effective for annual accounting periods beginning on or after January 1, 2020, address issues affecting financial reporting in the period leading up to interbank offered rates (IBOR) reform. The amendments apply to all hedging relationships directly affected by uncertainties related to IBOR reform. The entity is required to:

- Assume that the interest rate benchmark on which hedged cash flows are based is not altered as a result of IBOR reform when assessing whether the future cash flows are highly probable.
- Assess whether the economic relationship between the hedged item and the hedging instrument exists based on the assumptions that the interest rate benchmark is not altered as a result of IBOR reform.
- Not discontinue a hedging relationship during the period of uncertainty arising from IBOR reform solely because the actual results of the hedge are outside the range of 80-125 per cent.
- Apply the separately identifiable requirement only at the inception of the hedging relationship.
- Prospectively cease applying the exceptions at the earlier of:
  (a) when the uncertainty regarding the timing and the amount of interest rate benchmark based cash flows is no longer present; and
  (b) the discontinuation of the hedging relationship (or reclassification of all amounts from the cash flow hedge reserve).

Additional disclosures will be required for hedging relationships directly affected by IBOR reform.

The Group is assessing the impact that the amendments will have on its 2021 financial statements.

2. Basis of preparation (continued)

(b) Basis of measurement

The financial statements are prepared on the historical cost basis, except for the inclusion of financial assets and investment property at fair value through other comprehensive income or at fair value through profit or loss.

(c) Functional and presentation currency

The financial statements are presented in United States dollars (USD), which is the functional currency of the Company, rounded to the nearest thousand, unless otherwise indicated. The financial statements of those subsidiaries which have other functional currencies, are translated into USD in the manner set out in note 4(h).

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies:

The preparation of the financial statements in conformity with IFRS requires management to make estimates, based on assumptions and judgements. Management also makes judgements, other than those involving estimations, in the process of applying the accounting policies. The estimates and judgements affect (1) the reported amounts of assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended, and (2) the carrying amounts of assets and liabilities in the next financial year.

The estimates, and the assumptions underlying them, as well as the judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Estimates that can cause a significant adjustment to the carrying amounts of assets and liabilities in the next financial year and judgements that have a significant effect on the amounts recognised in the financial statements, include the following:

(i) Key sources of estimation uncertainty

(1) Impairment of financial assets:

A number of significant judgements are required in applying the accounting requirements for measuring expected credit loss (ECL), such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Detailed information about the judgements and estimates made by the Group in the above areas is set out in notes 4(j) and 36(b).

2. Basis of preparation (continued)

(d) Estimates critical to reported amounts, and judgements made in applying accounting policies (continued):

(i) Key sources of estimation uncertainty (continued)

(2) Fair value of financial instruments

There are no quoted market prices for a significant portion of the Group's financial assets. Accordingly, fair values of such assets are estimated using prices obtained from a yield curve. The yield curve is, in turn, obtained from a pricing source which estimates the yield curve on the basis of indicative prices submitted to it by licensed banks and other financial institutions in Jamaica. There is significant uncertainty inherent in this approach; the fair values determined in this way are classified as Level 2 fair values. Some other fair values are estimated based on quotes published by broker/dealers, and these are also classified as Level 2. The estimates of fair value arrived at from these sources may be significantly different from the actual price of the instrument in an actual arm's length transaction (see notes 6 and 37).

(3) Impairment of goodwill, other intangible assets and investment in associates

Impairment of goodwill, other intangibles and investment in associates is dependent upon management's internal assessment of future cash flows from the cash-generating units that gave rise to the goodwill and intangible assets or for the purposes of determining the value in use of the associate. Those internal assessments determine the amount recoverable from the cash generating units and is sensitive to the discount rates used, as well as the exonimic assumptins of growth (see note 12).

(ii) Critical judgements in applying the Group's accounting policies

For the purpose of these financial statements, prepared in accordance with IFRS, judgement refers to the informed identification and analysis of reasonable alternatives, considering all relevant facts and circumstances, and the well-reasoned, objective and unbiased choice of the alternative that is most consistent with the agreed principles set out in IFRS.

Management is also required to make critical judgements in applying accounting policies. These include the following judgements:

- Whether the criteria are met for classifying financial assets. For example, the determination of whether a security may be classified as at "fair value through profit or loss (FVTPL)", "fair value through other comprehensive income (FVOCI)" or "amortised cost" (note 6) or whether a security's fair value may be classified as 'Level 1' in the fair value hierarchy (note 37) requires judgement as to whether a market is active [see note 4(b)].
- In determining whether the Group has control or significant influence over an investee and how to account for that investee, management considers the percentage of the investee's share capital that it holds and makes judgements about other relevant factors affecting control or significant influence over the relevant activities of the investee [see notes 4(a), 13 and 14].

3. Changes in accounting policiess

The Group initially applied IFRS 16 *Leases* from April 1, 2019. A number of other new standards are also effective for the Group from April 1, 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in the statement of financial position at April 1, 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(m).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously assessed as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after April 1, 2019.

(b) As a lessee

As a lessee, the Group leases office spaces. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. For leases of property, the Group separates non-lease components and accounts for these separately.

(i) *Leases classified as operating leases under IAS 17*

Previously, the Group classified property leases as operating leases under IAS 17. On transition, these lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at April 1, 2019 as set out in see note 3(c). The corresponding amount is recognised as a right-of-use asset.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

3. Changes in accounting policies (continued)

(b) As a lessee (continued)

(i) *Leases classified as operating leases under IAS 17* (continued)

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

(c) Impact on transition

The impact on transition to IFRS 16 is summarised below.

	$'000
Right-of-use assets – property, plant and equipment	262
Lease liabilities	262

The Group discounted lease payments previously classified as operating leases using its incremental borrowing rate at April 1, 2019. The weighted- average rate applied is 10%.

	$'000
Operating lease commitments at March 31, 2019 as per IAS 17	133
Discounted using the incremental borrowing rate at April 1, 2019	124
Extension options reasonably certain to be exercised	138
Lease liabilities recognised at April 1, 2019	262

4. Significant accounting policies

(a) Basis of consolidation:

(i) Business combinations

Business combinations are accounted for using the acquisition method at the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquired entity; plus
- if the business combination is achieved in stages, the fair value of the pre-existing interest in the acquired entity; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

4. Significant accounting policies

(a) Basis of consolidation (continued):

(i) Business combinations (continued)

When the result is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, 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 relevant activities of the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquirees' identifiable net assets at the date of acquisition, plus accumulated share of changes in equity of the relevant subsidiary. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interest to have a deficit balance.

(iv) Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interest in associates is accounted for using the equity method.

They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

4. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

(iv) Investments in associates (continued)

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to Nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations, or made payments on behalf of an associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of profits equals the share of accumulated losses not recognised.

(v) Loss of control

On the loss of control, the Group derecognises the assets and liabilities of a subsidiary and any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost.

(vi) Transactions eliminated on consolidation

Balances and transactions between companies within the Group, and any unrealised gains arising from those transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(b) Financial instruments – Classification, recognition and de-recognition, and measurement

(i) Classification of financial assets

In applying IFRS 9, the Group classifies its financial assets in the following measurement categories:

a. Fair value through profit or loss (FVTPL);
b. Fair value through other comprehensive income (FVOCI); or
c. Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

4. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement

(i) Classification of financial assets (continued)

Debt instruments (continued)

Classification and subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVTPL. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described at note 36(b). Interest income from these financial assets is included in 'Interest and similar income' using the effective interest method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss within 'Net fair value adjustments and realised gains' in the period in which it arises. Interest income from these financial assets is included in interest income using the effective interest method.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group subsequently measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Gains and losses on equity investments at FVTPL are included in the 'Net fair value adjustments and realised gains' caption in the statement of profit or loss.

4. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(i) Classification of financial assets (continued)

Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

Factors considered by the Group in determining the business model for a group of assets include:

1. Past experience on how the cash flows for these assets were collected;
2. How the assets' performance is evaluated and reported to key management personnel;
3. How risks are assessed and managed; and
4. How managers are compensated.

For example, securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVTPL.

Solely payments of principal and interest (SPPI): Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

4. Significant accounting policies (continued)

(b) Financial instruments – Classification, recognition and de-recognition, and measurement (continued)

(ii) Recognition and derecognition - non-derivative financial assets and financial liabilities

The Group recognises a financial instrument when it becomes a party to the contractual terms of the instrument.

The Group initially recognises loans and receivables and debt securities on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains all or substantially all the risks and rewards of ownership but does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

(iii) Financial liabilities

The Group classifies non-derivative financial liabilities into the “other financial liabilities” category. These are measured at amortised cost.

(iv) Measurement of gains and losses on financial assets

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income calculated using the effective interest method;
- ECL charges and reversals; and
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Gains and losses on equity instruments classified at FVOCI are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

4. Significant accounting policies (continued)

(c) Financial instruments - Other

(i) Non-trading derivatives

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group makes use of derivatives to manage its own exposure to foreign exchange and interest rate risk.

The Group evaluates financial instruments which it acquires or issues to determine whether derivatives are embedded in any of the contracts (making it a "host contract"). The Group accounts for an embedded derivative separately from the host contract when (i) the host contract is not itself carried at fair value through profit or loss, (ii) the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract, and (iii) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Separated embedded derivatives are accounted for depending on their classification, and are presented in the statement of financial position together with the host contract. When an embedded derivative cannot be separated from the host contract, the entire contract is designated as at fair value through profit or loss.

When a derivative is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments at fair value through profit or loss.

(ii) Cash and cash equivalents

Cash comprises cash in hand and call deposits. Cash equivalents are short-term, highly liquid financial assets that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. These include certificates of deposit where the maturities do not exceed three months from the date of acquisition.

Cash and cash equivalents are measured at amortised cost.

(iii) Other assets

Other assets are measured at amortised cost less impairment losses.

(iv) Guarantees and letter of credit

The Group issues guarantees and other letters of undertaking on behalf of its clients, to third parties. The Group also obtains from each client a guarantee or deed of indemnity that amounts paid out by the Group on its behalf will be repaid to the Group.

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(iv) Guarantees and letter of credit (continued)

The Group's potential liability under guarantees and letters of credit is reported as a liability in the statement of financial position. The Group has equal and offsetting claims against its customers in the event of a call on these commitments, which are reported as an asset.

(v) Other liabilities

Other liabilities are measured at amortised cost.

(vi) Resale and repurchase agreements

Resale agreements are accounted for as short-term collateralised lending, and are classified as at amortised cost. On initial recognition they are measured at fair value. Subsequent to initial recognition they are measured at amortised cost. The difference between the purchase cost and the resale consideration is recognised in profit or loss as interest income using the effective interest method.

Repurchase agreements are accounted for as short-term collateralised borrowing, and are classified as other liabilities. On initial recognition and subsequently, the securities given as collateral are retained in the statement of financial position and measured in accordance with their original measurement principles. The proceeds of sale are reported as liabilities and are carried at amortised cost. The difference between the sale consideration and the repurchase cost is recognised in profit or loss over the life of each agreement as interest expense using the effective interest method.

(vii) Share capital

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of preference share capital, it is classified as:

(1) equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary, in which case, dividends thereon are recognised as distributions within equity;

(2) liability if it is redeemable on a specific date or at the option of the holders, or if dividends are not discretionary, in which case, dividends thereon are recognised as interest in profit or loss.

Incremental costs directly attributable to the issue of equity instruments are deducted from the initial measurement of the equity instruments.

(viii) Loans and notes receivable and other receivables

Loans and notes receivable and other receivables are measured at amortised cost less impairment allowances, see note 4(j).

4. Significant accounting policies (continued)

(c) Financial instruments – Other (continued)

(ix) Accounts payable

Accounts payable are measured at amortised cost.

(x) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between cost and redemption being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(xi) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to set off the recognised amounts and intends to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(xii) Amortised cost

Amortised cost is calculated using the effective interest method. Premiums, discounts and initial transaction costs are included in the carrying amount of the related instruments and amortised based on the effective interest rates.

(d) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. These costs comprise the value of land contributed to the development, direct costs related to property development activities and indirect costs that are attributable to the development activities.

(e) Investment property

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

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, expected cash outflows in respect of the property. Fair value is determined every three years by an independent registered valuer, and in each of the two intervening years by the directors. 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.

4. Significant accounting policies (continued)

(e) Investment property (continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

(f) Property, plant and equipment

(i) Cost

Items of property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of an asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of an asset if it is probable that the future economic benefits embodied in the part will flow to the Group and its cost can be reliably measured.

The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(ii) Depreciation

Property, plant and equipment are depreciated on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. The depreciation rates are as follows:

Computers	25% - 33⅓%
Furniture, fixtures and equipment	10% - 20%
Leasehold improvements	10% - 20%
Motor vehicles	20% - 25%

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(g) Intangible assets

(i) Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units (note 12) and tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the equity accounted investee as a whole.

(ii) Customer relationships and non-compete agreements that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

4. Significant accounting policies (continued)

(g) Intangible assets (continued)

(ii) (continued)

Trade names, licences and other intangible assets that have indefinite useful lives are carried at cost less accumulated impairment losses. The useful lives of such assets are reviewed at each reporting date to determine whether events and circumstances continue to support an indefinite useful life assessment for those assets. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

(iii) Software

Acquired computer software licenses as well as third party and internal costs directly associated with the development of software are capitalised as intangible assets on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives (three to eight years). Internal costs associated with developing or maintaining computer software programs are recognised as expense as incurred.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Intangible assets with finite asset lives, are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

- Customer relationships 6 to 20 years
- Non-compete agreement 2-5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. These rates represent the weighted average rates at which the Group transacts business in foreign currency.

4. Significant accounting policies (continued)

(h) Foreign currency translation (continued)

(i) Transactions and balances (continued)

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss. Other changes in the carrying amount are recognised in other comprehensive income and presented in fair value reserve.Translation differences on non-monetary items, such as equities classified as FVOCI financial assets, are recognised in other comprehensive income and presented in the fair value reserve in stockholders' equity.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated into USD at the spot exchange rate at the reporting date. The income and expenses of the foreign operations are translated into USD at the average exchange rates for the period. Foreign currency differences on the translation of foreign operations are recognised in other comprehensive income and included in foreign exchange translation reserve.

(i) Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which it is recognised accordingly.

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

(ii) Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. Significant accounting policies (continued)

(j) Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial instruments measured at amortised cost and debt instruments at FVOCI. No impairment loss is recognised on equity instruments which are measured at FVTPL.

Framework

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. See below for a description of how the Group determines when a significant increase in credit risk has occurred.
- A financial asset is credit impaired ('Stage 3') when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 and 3 have their ECL measured based on expected credit losses on a lifetime basis. See below and note 36(b) for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information. See note 36(b) for an explanation of how the Group has incorporated this in its ECL models.
- Purchased or originated credit-impaired financial assets (POCI) are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis (Stage 3).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired ('Stage 3'). Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that it would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.
- In addition, a loan that is overdue for 90 days or more is considered credit-impaired even when the regulatory definition of default is different.

4. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Credit-impaired financial assets (continued)

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Group considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of the debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset for the determination of ECL.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Incorporation of forward-looking information

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

Measurement of ECL

The Group measures loss allowances at an amount equal to lifetime ECL, except for debt investment securities with low credit risk at the reporting date and certain financial assets on which credit risk has not increased significantly, which are measured as 12-month ECL:

4. Significant accounting policies (continued)

(j) Impairment of financial assets (continued)

Measurement of ECL (continued)

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e., the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed.

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The lifetime PD is developed by applying a maturity profile to the current 12-month PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

ECL is a probability-weighted estimate of credit losses, measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn and the cash flows that the Group expects to receive;
- trade and lease receivables: Loss allowances for trade and lease receivables, measured at an amount equal to lifetime ECL.

Presentation of allowance for ECL in the statement of financial position

Allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.
- loan commitments and financial guarantee contracts: generally, as a provision.
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss is recognised in profit or loss as a reclassification from OCI.

4. Significant accounting policies (continued)

(k) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset, or group of operating assets, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

(l) Investment in subsidiaries

Investment in subsidiaries is measured in the separate financial statements of the Company at cost, less impairment losses, if any.

(m) Leases

Policy applicable from April 1, 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after April 1, 2019.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contracts to each lease component on the basis of its relative stand-alone prices. Non-lease components have been separated for leases of properties.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

4. Significant accounting policies (continued)

(m) Leases (continued)

Policy applicable from April 1, 2019 (continued)

(a) As a lessee (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from its primary bankers and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest method.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and presents lease liabilities as such in the statement of financial position.

Short-term leases

The Group has elected not to recognise right-of-use assets and lease liabilities for lease that are considered short-term leases. The Group recognises the lease payments associated with these lease as an expense on a straight-line basis over the lease term.

4. Significant accounting policies (continued)

(m) Leases (continued)

Policy applicable before April 1, 2019

As a lessee

Assets held under leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(n) Revenue recognition

Revenue comprises interest income, fees and commissions, dividends, income and gains from holding and trading securities and property sales.

(i) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

- Purchased or originated credit-impaired (POCI) financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
- Financial assets that are not 'POCI' but have subsequently become credit impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e., net of the expected credit loss allowance).

(ii) Fee and commission income

Fee and commission income are recognised on the accrual basis when the service has been provided. Fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party are recognised on completion of the underlying transaction.

Portfolio and other management advisory and service fees are recognised based on the applicable service contracts, usually on a time-apportioned basis. Asset management fees related to investment funds are recognised as the service is provided. Performance linked fees or fee components are recognised when the performance criteria are fulfilled.

(iii) Dividends

Dividend income is recognised when the right to receive income is established. For quoted securities, this is usually the ex-dividend date.

4. Significant accounting policies (continued)

(n) Revenue recognition (continued)

(iv) Gains or losses on holding and trading securities

Gains or loss on securities trading are recognised when the Group becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

(o) Interest expense

Interest expense is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount.

The effective interest rate is established on initial recognition of the financial liability and not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortisation of premium on instruments issued at other than par.

(p) Employee benefits

Employee benefits comprise forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, National Insurance Scheme contributions, annual vacation leave, and non-monetary benefits, such as medical care and housing; post-employment benefits, such as pensions and medical care; other long-term employee benefits, such as long service awards; and termination benefits.

(i) General benefits

Short-term employee benefits are recognised as a liability, net of payments made, and charged as expense. The expected cost of vacation leave that accumulates is recognised when the employee becomes entitled to the leave.

Post-employment benefits are accounted for as described in (ii) below. Other long-term benefits, including termination benefits, which arise when either (1) the employer decides to terminate an employee's employment before the normal retirement date or (2) an employee decides to accept voluntary redundancy in exchange for termination benefits, are accrued as they are earned and charged as an expense, unless not considered material, in which case they are charged when they fall due.

(ii) Share-based payment transaction

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is recognised as staff costs.

5. Resale agreements

The Group purchases government and corporate securities and agrees to resell them at specified dates and prices [see note 4(c)(vi)].

5. Resale agreements (continued)

Resale agreements result in credit exposure, as the counterparty to the transaction may be unable to fulfill its contractual obligations. At the reporting date, the fair value of the securities held as collateral for resale agreements was $6,399,000 (2019: $12,531,000) .

6. Investment securities

	2020 $'000	2019 $'000
Financial assets at fair value through profit or loss		
Quoted equities	1,857	3,839
Unit Trust	5,392	-
Global bonds	4,921	9,450
Corporate bonds	1,492	-
Foreign sovereign debt	-	576
Global equities	-	2,347
Private equity funds	343	-
Principal Protected Note warrant asset [see (a) below]	330	-
	14,335	16,212
Financial assets at fair value through other comprehensive income		
Global bonds	167,978	193,691
Government of Jamaica securities	40,285	49,694
Corporate bonds	32,567	53,715
Foreign sovereign debt	7,250	5,475
	248,080	302,575
Amortised cost		
Global bonds	19,801	10,105
Corporate bonds	5,579	4,516
Certificate of deposit	3,732	2,682
Commercial papers	-	680
	29,112	17,983
Less allowance for expected credit losses	(131)	(30)
	28,981	17,953
Total investment securities	291,396	336,740

(a) The Group purchased a call option from an independent third party to cover the interest charges due to maturity on the principal protected note [see note 17(ii)] issued by the Group.

(b) As at March 31, 2020, $245,209,000 (2019: $115,422,000) of investment securities is expected to be recovered after 12 months from the reporting date.

7. Loans receivable

	2020 $'000	2019 $'000
Loans and advances to customers [see (a) below]	9,767	37,114
Margin loans [see (a) below]	1,087	1,601
Corporate notes	15,296	15,035
Other loans	2,914	1,172
	29,064	54,922
Less allowance for expected credit losses [see (c)]	(209)	(3,588)
	28,855	51,334

(a) Loans and advances to customers and margin loans represent advances made by the Group to facilitate the purchase of securities by its clients. The securities purchased are pledged as collateral for the outstanding advances. Certain of these securities have been re-pledged by the Group. At the reporting date, the fair value of the collateral pledged by the clients and re-pledged by the Group was $2,853,000 (2019: $20,906,000).

(b) Loans receivable, net of allowance for expected credit losses, are due from the reporting date as follows:

	2020				
	Within 3 months $'000	3-12 months $'000	1-5 years $'000	Over 5 years $'000	Total $'000
Loans and advances to customers	-	9,646	-	-	9,646
Margin loans	-	1,087	-	-	1,087
Corporate notes	2,040	2,400	10,768	-	15,208
Other loans	590	2,312	12	-	2,914
	2,630	15,445	10,780	-	28,855

	2019				
Loans and advances to customers	3,068	16,249	14,382	-	33,699
Margin loans	860	741	-	-	1,601
Corporate notes	1,150	-	12,139	1,573	14,862
Other loans	-	-	1,172	-	1,172
	5,078	16,990	27,693	1,573	51,334

7. Loans receivable (continued)

(b) Expected credit losses

(i) The ageing of loans receivable and related impairment allowance are as follow:

	2020		2019	
	Gross $'000	Allowance for impairment $'000	Gross $'000	Allowance for impairment $'000
Not past due and not impaired	14,246	121	32,711	-
Less than 90 days past due and impaired	-	-	3,720	1,280
More than 90 days past due and impaired	14,818	88	18,491	2,308
	29,064	209	54,922	3,588

(ii) The movement on the expected credit losses is as follows:

	2020 $'000	2019 $'000
Balance at the beginning of the year	3,588	5,803
IFRS 9 transition adjustment	-	2,081
Impairment allowances (reversed)/recognised	(33)	905
Loans written off	-	(5,201)
Movement on ECL as a result of disposal of subsidiary	(3,341)	-
Effect of exchange rate movements	(5)	-
Balance at the end of the year	209	3,588

8. Other assets

	2020 $'000	2019 $'000
Withholding tax recoverable	2,751	3,371
Interest receivable	1,738	2,128
Due from client	1,403	259
Prepayments	371	367
Pre-construction activity	2,816	2,163
Real estate sale receivable	2,981	16
Other	1,185	1,298
	13,245	9,602
Less allowance for expected credit losses	(252)	(295)
	12,993	9,307

The movement in expected credit losses is as follows:

	2020 $'000	2019 $'000
Balance at beginning of year	295	110
Expected credit losses (reversed)/recognised	(24)	184
Effect of exchange rate movements	(19)	1
Balance at end of year	252	295

9. Property development in progress

This comprises land and associated costs on a project to develop a residential and commercial complex, including an amount of $1,308,000 (2019: $1,308,000) in settlement of variable consideration on the purchase of the property.

Of this amount, $4,214,000 (2019: $9,090,000) was transferred from investment property during the year (note 11).

10. Property, plant and equipment

	Right-of-use on leasehold properties $'000	Leasehold improvements $'000	Furniture, fixtures and equipment $'000	Motor vehicles $'000	Computer equipment $'000	Work in progress $'000	Art-work $'000	Total $'000
Cost:								
March 31, 2018	-	623	1,270	216	1,260	-	5	3,374
Additions	-	106	118	-	56	422	-	702
Disposals	-	(9)	(9)	-	-	-	-	(18)
Translation adjustment	-	12	8	9	12	-	-	41
March 31, 2019	-	732	1,387	225	1,328	422	5	4,099
Recognition of right-of-use assets on initial application of IFRS 16	262	-	-	-	-	-	-	262
Additions	1,221	540	188	31	442	53	-	2,475
Transfers	-	422	-	-	-	(422)	-	-
Disposal of subsidiary	-	(512)	(325)	(24)	(443)	-	-	(1,304)
Disposals	-	(25)	(19)	-	(167)	-	-	(211)
Translation adjustment	-	(11)	(11)	-	(52)	-	-	(74)
March 31, 2020	1,483	1,146	1,220	232	1,108	53	5	5,247
Depreciation:								
March 31, 2018	-	368	787	88	1,092	-	-	2,335
Charge for the year	-	63	136	39	148	-	-	386
Translation adjustment	-	(19)	10	18	14	-	-	23
March 31, 2019	-	412	933	145	1,254	-	-	2,744
Charge for the year	273	106	59	9	220	-	-	667
Disposal of subsidiary	-	(315)	(209)	(51)	(395)	-	-	(970)
Eliminated on disposal	-	(25)	(14)	-	(159)	-	-	(198)
Translation adjustment	-	(4)	(4)	-	(45)	-	-	(53)
March 31, 2020	273	174	765	103	875	-	-	2,190
Net book values:								
March 31, 2020	1,210	972	455	129	233	53	5	3,057
March 31, 2019	-	320	454	80	74	422	5	1,355

11. Investment property

	2020 $'000	2019 $'000
At beginning of year	14,229	17,348
Investment property acquired	1,161	3,993
Fair value adjustment (note 28)	952	1,978
Transfer to property development in progress (note 9)	(4,214)	(9,090)
Foreign exchange translation adjustment	142	-
	12,270	14,229

11. Investment property (continued)

The Group's properties were last revalued in September 2018 and December 2018 by independent valuators, DC Tavares Finson Realty Company Limited. The valuations were done on the basis of open market value. The fair value of the investment property is categorised as Level 3 in the fair value hierarchy.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market approach This model takes into account: • The fact that the intention is to dispose of the property in an open market transaction. • The expected sale would take place on the basis of a willing seller and willing buyer. • A reasonable period in which to negotiate a sale, taking into account the nature of the property and state of the market. • Values are expected to remain stable throughout the period of market exposure and disposal by sale (hypothetical). • The property will be freely exposed to the market; and • The potential rental value of the property in the current investment climate.	• Judgements about whether the property can be sold, exchanged, transferred, let, mortgaged or used for any other economic activity, within its use class. • The strength of demand for the property, given its condition, location and range of potential uses. • The potential rental value of the property in the current investment climate.	The estimated fair value would increase/(decrease) if: • The level of current and future economic activity in the location and the impact on the strength of the demand is greater/(less) than judged. • The potential rental income from the property is greater /(less) than judged.

12. Intangible assets

	Customer relationships $'000	Non-compete agreements $'000	Trade name $'000	Goodwill $'000	License $'000	Computer software $'000	Work-in-progress $'000	Total $'000
Cost:								
March 31, 2018	8,362	1,669	2,547	10,392	452	976	-	24,398
Acquired through business combination	6,756	-	320	9,422	-	-	-	16,498
Additions	-	-	-	-	-	377	-	377
Translation adjustment	6	-	(7)	(8)	-	(5)	-	(14)
March 31, 2019	15,124	1,669	2,860	19,806	452	1,348	-	41,259
Additions	-	-	-	-	-	174	1,456	1,630
Disposal of subsidiary	(2,411)	-	(2,404)	(13,198)	-	(586)	-	(18,599)
Translation adjustment	-	-	-	-	(30)	(5)	-	(35)
March 31, 2020	12,713	1,669	456	6,608	422	931	1,456	24,255
Amortisation:								
March 31, 2018	2,608	1,101	-	-	-	675	-	4,384
Amortisation for the year	1,022	206	-	-	-	234	-	1,462
Translation adjustment	-	(15)	-	-	-	5	-	(10)
March 31, 2019	3,630	1,292	-	-	-	914	-	5,836
Amortisation for the year	1,067	206	-	-	-	56	-	1,329
Disposal of subsidiary	(1,903)	-	-	-	-	(359)	-	(2,262)
Translation adjustment	-	-	-	-	-	(24)	-	(24)
March 31, 2020	2,794	1,498	-	-	-	587	-	4,879
Net book values:								
March 31, 2020	9,919	171	456	6,608	422	344	1,456	19,376
March 31, 2019	11,494	377	2,860	19,806	452	434	-	35,423

In testing goodwill for impairment, recoverable amounts of cash-generating units are estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amounts of cash-generating units are arrived at by estimating their future cash flows and discounting those cash flows using long-term discount rates applicable to the countries in which the businesses operate.

Future sustainable cash flows are estimated based on the most recent forecasts, after taking account of past experience. In all cases projected cash flows are taken over 5 years and the long-term growth rate is applied following the projection period, with a terminal value calculated based on the discount rate and growth rate applied. Each cash generating unit is regarded as saleable to a third party at any future date at a price sufficient to recover its carrying amount of goodwill. Key assumptions are set out below:

	2020	2019
Retail lending cash generating units (CGUs)		
Discount rate	16.85%	24.3%
Growth rate	2.5%	6.0%

The fair value of the International Financial Planning Limited (IFP) trade name was calculated using the relief from royalty method and compared to the carrying value of the trade name as at March 31, 2020.

13. Investment in subsidiaries

(a) Proven Holdings Limited

Effective October 1, 2019, the Company injected $20,500,000 cash for a 100% interest in Proven Holdings Limited.

(b) Disposal of shares in Access Financial Services Limited

Effective September 27, 2019, the Company disposed of shares in Access Financial Services Limited, resulting in a reduction of its shareholding from 49.72% to 24.72%. The transaction was recognised as a disposal of subsidiary and recognition of an investment in associate. The amounts recognised in profit for the Group of $24,930,000 represent the gain on the disposal of shares and a fair value increase on the remaining shares recognised as investment in associate.

14. Investment in associates

	2020 $'000	2019 $'000
Carrying amount of interest in associate:		
JMMB Group Limited	95,917	80,402
Dream Entertainment Limited	570	570
Access Financial Services Limited [see note 13(b)]	22,501	-
	118,988	80,972

(i) Investment in Dream Entertainment Limited

Effective February 6, 2019, the Company acquired 2,500 shares or 20% of the participating voting shares in Dream Entertainment Limited. The purpose of the acquisition is to generate dividend income.

(ii) Investment in JMMB Group Limited

Effective December 27, 2018, Proven Holdings Limited acquired 326,277,325 shares or 20% shareholding in JMMB Group Limited (JMMBGL).

Proven Holdings Limited acquired an additional 65,033,200 shares in the additional public offering on October 15, 2019, maintaining its 20% proportionate shareholding in JMMBGL. The principal activities of JMMBGL are investment management and banking services. The purpose of the acquisition is to generate dividend income. JMMBGL is listed on Jamaica Stock Exchange.

14. Investment in associates (continued)

(ii) Investment in JMMB Group Limited (continued)

The following table summarises the financial information of JMMBGL and Access Financial Services Limited (Access) , as included in the Group's financial statements as at March 31, 2020, reflecting adjustments for differences in accounting policies.

	2020		2019
	JMMBGL $'000	Access $'000	JMMBGL $'000
Percentage ownership interest	20%	24.72%	20%
Statement of financial position			
Intangible assets	16,464	10,797	14,058
Assets	2,971,181	41,094	2,545,820
Liabilities	(2,680,245)	(28,304)	(2,311,084)
Net assets attributable to equity holders (100%)	307,401	23,587	248,794
Non-controlling interests	(7,108)	-	(8,305)
Adjusted net assets	300,293	23,587	231,490
Group's share of net assets	60,059	5,831	46,298
Goodwill	35,964	16,276	35,964
Foreign exchange adjustment	(106)	394	(1,860)
Carrying amount of investment	95,917	22,501	80,402
Revenue	238,469	17,806	215,773
Profit from continuing operations	51,707	2,067	29,784
Other comprehensive income, net of tax	(60,750)	293	(4,258)
Total comprehensive income	(9,043)	2,360	25,526
Share of total comprehensive income since date of investment:			
Profit from continuing operations	10,347	91	1,308
Other comprehensive income	(12,156)	(80)	5,049
	(1,809)	11	6,357

15. Repurchase agreements

The Group sells Government and corporate securities and agrees to repurchase them on specified dates and at specified prices.

	2020 $'000	2019 $'000
Denominated in Jamaica Dollars	22,115	27,358
Denominated in United States Dollars	55,407	61,218
Denominated in Pound Sterling	66	3
Denominated in Canadian Dollars	10	46
Denominated in Euro Dollars	11	-
	77,609	88,625

16. Owed by/(to) related parties

	2020 $'000	2019 $'000
Owed to other related parties		
Current accounts	254	(129)
Dividend payable	(1,186)	(294)
	(932)	(423)

Current accounts represent accrued management fees and amounts payable to Proven Management Limited.

17. Notes payable

	2020 $'000	2019 $'000
Structured notes [see (i) below]	74,688	70,612
Principal protected notes [see (ii) below]	1,547	-
Margin loans payable [see (iii) below]	3,519	16,954
Long-term loan [see (iv) below]	69,424	74,400
Other	5,325	23,584
	154,503	185,550

(i) Structured notes represent short to medium-term debt obligations issued by the Group. The notes are secured by a basket of securities and typically have fixed quarterly coupon payments, with bullet payments of principal at maturity.

17. Notes payable (continued)

(ii) The principal protected notes comprise coupon-rated bonds (the principal) issued and guaranteed by the Group. The returns on these notes are based on the movement in the prices of certain underlying indices (a call warrant purchased by the Group) for which the obligor is an independent third party.

Accordingly, the Group recognises a liability in relation to the principal on its statement of financial position and an asset in relation to the call warrant (see note 6). The note is for a period of 1 year and matures on September 30, 2020, with an interest rate of 1% per annum payable quarterly in arrears up to and including the maturity date. The notes will pay a possible bonus payment on the maturity date once certain pre-agreed conditions are met.

(iii) Margin loans payable represent short-term debt facilities provided by brokerage firms to the Group to:

- acquire securities on its own account. The facilities are collateralised by the securities held with the brokerage firms.
- Fund facilities offered to its clients. The clients have agreed with the Group that the securities purchased may be re-pledged or otherwise offered by the Group as collateral for the margin facility extended to the Group by the brokerage firm [note 7(a)].

(iv) The Group issued a Jamaica dollar Corporate Bond of J$10.5 billion through NCB Capital Markets Limited to assist with the acquisition of ordinary shares in JMMB Group Limited. The bond was issued in two facilities (A and B) with maturity of ten (10) years and six (6) years respectively. As at the reporting date, facility C was not yet been drawn down.

- Facility A represents J$6.4 billion, matures in 10 years, bears fixed interest of 5% per annum for years 1-3, fixed interest of 6.5% per annum for years 4-6, and fixed interest of 7.5% thereafter.
- Facility B represents J$2.9 billion, matures in 6 years, bears fixed interest of 6% per annum for years 1-3 and fixed interest of 7.5% thereafter.
- Facility C represents J$1.2 billion, which will be drawn down for a maximum period of 2 years and bears fixed interest of 6% per annum.

All coupon payments are required to be paid semi-annually.

18. Other liabilities

	2020 $'000	2019 $'000
Interest payable	1,478	1,340
Payable to clients	131	116
Statutory payments	79	22
Accrued charges	857	1,011
Other	3,882	5,593
	6,427	8,082

19. Due to customers

	2020 $'000	2019 $'000
Time deposits	16,498	22,348
Interest bearing accounts	1,883	1,962
Non-interest bearing accounts	232,051	196,741
	250,432	221,051

20. Lease liabilities

The Group leases office spaces, which typically run for a period of 5 years, with options to renew. Lease payments are renegotiated to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local market conditions.

The office space leases were negotiated as combined leases of land and buildings and previously were classified as operating leases under IAS 17. Information about leases for which the Group is a lessee is presented below.

Leases as lessee (IFRS 16)

(i) Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 10).

	Leasehold properties $'000
Balance at April 1, 2019	262
Additions	1,221
	1,483
Depreciation charge for the year	(273)
Balance at March 31, 2020	1,210

(ii) Lease liabilities:

Undiscounted cashflows of lease liabilities

	2020 $'000
Less than one year	195
One to five years	500
More than five years	565
	1,260
Less future interest	(8)
Carrying amount of lease liabilities	1,252

20. Lease liabilities (continued)

(ii) Lease liabilities (continued):

Undiscounted cashflows of lease liabilities (continued)

	2020 $'000
Current	189
Non-current	1,063
	1,252

(iii) Amounts recognised in profit or loss

	2020 $'000
Leases under IFRS 16	
Interest on lease liabilities	101
Operating leases under IAS 17	26

(iv) Amounts recognised in statement of cash flows

	2020 $'000
Total cash outflow for leases	316

(v) Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of $107,000.

21. Deferred tax asset

	2020				
	Balance at March 31, 2019 $'000	Disposal of subsidiary $'000	Recognised in profit or loss $'000 (note 31)	Recognised in other comprehensive income $'000	Balance at March 31, 2020 $'000
Property, plant and equipment	19	-	4	-	23
Loans receivable	1,060	(1,087)	-	-	27
Other receivables	(417)	-	(6)	-	(423)
Unrealised foreign exchange losses, net	499	-	(34)	-	465
Investment property	(9)	-	-	-	(9)
Investment at FVOCI	411	-	-	669	1,080
Investment at FVPTL	80	-	(89)	-	(9)
Impairment loss on instruments at FVOCI	-	-	(110)	112	2
Other liabilities	81	(33)	16	-	64
Lease liabilities, net	-	-	2	-	2
Tax losses	24	-	-	-	24
Exchange difference on translation	21	(2)	-	(8)	11
Other	(1)	(26)	48	-	21
	1,768	(1,148)	(169)	773	1,224

	2019			
	Balance at March 31, 2018 $'000	Recognised in profit or loss $'000 (note 31)	Recognised in equity $'000	Balance at March 31, 2019 $'000
Property, plant and equipment	12	7	-	19
Loans receivable	917	(482)	625	1,060
Other receivables	(426)	9	-	(417)
Unrealised foreign exchange losses, net	436	63	-	499
Investment property	(9)	-	-	(9)
Investment at FVOCI	190	-	221	411
Investment at FVPTL	8	72	-	80
Impairment loss on instruments at FVOCI	-	(32)	32	-
Other liabilities	76	5	-	81
Tax losses	24	-	-	24
Exchange difference on translation	27	(6)	-	21
Other	134	(135)	-	(1)
	1,389	(499)	878	1,768

22. Preference shares

	2020 $'000	2019 $'000
Manager's preference shares [see (i)]	1	1
8.25% Cumulative redeemable preference shares [see (ii)]		
At beginning of year	1	16,416
Repayment	-	(16,737)
Amortisation of transaction costs	-	322
At end of year	1	1

The terms and conditions of the manager's preference shares include the following:

(i) the manager's preference shares rank *pari passu* as between and among themselves;

(ii) each manager's preference share is entitled to a cumulative annual preference dividend in the sum which is equal to:

(1) 25% of the profits and gains of the Company in each financial year in excess of the Annual Earnings Hurdle (computed in accordance with the formula set out in the terms and conditions of issue) for such financial year, divided by

(2) the number of manager's preference shares in issue when the said cumulative annual preference dividend is paid; and for this purpose the Annual Earnings Hurdle shall be the amount which results when the hurdle rate is applied to the average equity of the Company during such financial year.

(iii) Apart from the right to the cumulative annual preference dividend, the manager's preference shares have no economic rights or entitlements save for the right on a winding up to the repayment of the capital paid thereon on a *pari passu* basis with the capital paid on the ordinary stock units.

(iv) Each manager's preference share has votes attaching to it that are a multiple of the votes attaching to each ordinary stock unit on all resolutions and decisions at a general meeting, such that the preference share votes will be at least equal to the votes of the ordinary stock units, except on any resolution intended to vary the formula for computing the dividend payable to the preference shareholders, in which case each manager's preference share is entitled to one vote.

23. Share capital

	2020 $	2019 $
Authorised:		
2,999,990,000 Ordinary shares, par value US$0.01 each	29,999,900	29,999,900
10,000 Manager's Preference Shares, par value US$0.01 each	100	100
300,000,000 8.25% Cumulative Redeemable Preference Shares, par value US$0.01 each	3,000,000	3,000,000
700,000,000 cumulative redeemable Preference share, par value US$0.01 each	7,000,000	7,000,000
	40,000,000	40,000,000

23. Share capital (continued)

	2020 Units	2019 Units	2020 $'000	2019 $'000
Issued and fully paid:				
Ordinary shares	625,307,963	625,307,963	86,716	86,716
Manager's Preference Shares	10,000	10,000	1	1
			86,717	86,717
Less: Preference shares classified as liability (see note 22)			(1)	(1)
			86,716	86,716

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

(b) The rights and entitlements of the holders of the preference shares are set out in note 22.

24. Fair value reserve

This represents the cumulative net unrealised gains and losses in fair value, net of taxation, on the revaluation of FVOCI investment securities, and remains until the securities are derecognised or impaired.

25. Foreign exchange translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in foreign operations.

26. Non-controlling interest

The following table summarises information relating to each of the Group's subsidiaries that has material non-controlling interest (NCI), before any intra-group eliminations.

	2020		
	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**25%**		
Total assets	274,981		
Total liabilities	(252,649)		
Net assets	22,332		
Carrying amount of NCI	5,583	827	6,410
Revenue	9,559		
Profit for the year	4,847		
Profit allocated to NCI	1,212	1,051	2,263

26. Non-controlling interest (continued)

	2020		
	Boslil Bank Limited $'000	Intra-group adjustments $'000	Total $'000
OCI for the year	(3,240)	-	(3,240)
OCI allocated to NCI	(810)	-	(810)
Cash flows from operating activities	28,777		
Cash flows from investment activities	(1,351)		
Cash flows from financing activities	(2,482)		
Net decrease in cash and cash equivalents	24,944		

	2019			
	Access Financial Services Ltd. $'000	Boslil Bank Ltd. $'000	Intra-group adjustments $'000	Total $'000
NCI percentage	**50.28%**	**25%**		
Total assets	35,542	245,354		
Total liabilities	(20,764)	(222,146)		
Net assets	14,778	23,208		
Carrying amount of NCI	7,431	5,802	9,185	22,418
Revenue	13,758	8,392		
Profit for the year	4,033	4,314		
Profit allocated to NCI	2,016	1,078		3,094
Cash flows from operating activities	5,917	(20,749)		
Cash flows from investment activities	(2,535)	(447)		
Cash flows from financing activities	(2,723)	(430)		
Net decrease in cash and cash equivalents	659	(21,626)		

27. Net interest income

	2020 $'000	2019 $'000
Interest income, using the effective interest method:		
GOJ benchmark investment notes	950	1,054
Regional and corporate bonds	7,059	6,502
Global bonds	3,283	4,673
Resale agreements	252	420
Corporate notes	271	905
Other loans receivable	6,885	11,333
Other	1,585	1,319
	20,285	26,206

27. Net interest income (continued)

	2020 $'000	2019 $'000
Interest expense, using the effective interest method:		
Interest on margin loans	245	1,002
Repurchase agreements	1,552	1,371
Notes payable	5,756	4,183
Finance cost	101	-
Other	1,453	919
	9,107	7,475
Net interest income	11,178	18,731

28. Net fair value adjustments and realised gains

	2020 $'000	2019 $'000
Fair value adjustment for investment property (note 11)	952	1,978
Fair value gains/(losses) on fixed income securities	2,760	(604)
Fair value gains/(losses) on equity securities	16	(235)
Unrealised fair value gains on investments	55	-
	3,783	1,139

29. Staff costs

	2020 $'000	2019 $'000
Salaries, wages and related costs	9,944	8,692
Bonus and ex-gratia payments	855	459
Statutory payroll contributions	712	289
Pension costs - defined contribution plan	81	176
Staff welfare	173	113
Other	1,111	1,911
	12,876	11,640

Included in staff costs are the following directors' emoluments:

	2020	2019
Fees	326	295
Management remuneration	1,667	623

30. Other operating expenses

	2020 $'000	2019 $'000
Audit fees	318	380
Bad debt recovery, net	-	(269)
Irrecoverable GCT	507	558
Insurance	117	75
Legal and other professional fees	1,836	1,596
Licenses and permits	561	473
Marketing and advertising	919	771
Miscellaneous	335	927
Management fees [note 32(f)]	1,893	1,657
Irrecoverable income tax withheld	68	84
Office rent	669	892
Commission expenses and fees	830	403
Printing and stationery	166	182
Repairs and maintenance	1,053	757
Subscriptions and donations	105	66
Courier and collection services	-	203
Travelling	368	322
Utilities	370	530
Other operating expenses	1,752	2,309
	11,867	11,916

31. Taxation

(a) Depending on the jurisdiction and nature of business, income tax is computed at 1%, 25% and 33⅓% of profit for the year as adjusted for tax purposes, and is made up as follows:

	2020 $'000	2019 $'000
(i) Current tax charge:		
Charge on current period's profits:		
Income tax at 1%	254	-
Income tax at 2.74%	287	289
Income tax at 25%	-	(81)
Income tax at 33⅓%	1,213	945
	1,754	1,153
(ii) Deferred tax (note 21): Origination and reversal of temporary differences	169	499
(iii) Prior year (over)/under provision	(23)	13
Total income tax charge	1,900	1,665

31. Taxation (continued)

(b) Reconciliation of actual tax expense:

The tax rates for two of the subsidiaries are 25% and 33⅓% of profit before income tax adjusted for tax purposes, while the tax rate for the Company is 1% of profits. The actual charge for the year is as follows:

	2020 $'000	2019 $'000
Profit before taxation	34,142	11,606
Computed "expected" tax expense at 1%	231	-
Computed "expected" tax expense at 2.74%	1	(81)
Computed "expected" tax expense at 25%	-	962
Computed "expected" tax expense at 33⅓%	1,576	1,208
	1,808	2,089
Difference between profits for financial statements and tax reporting purposes on:		
Depreciation charge and capital allowances	47	(10)
Income exempt from income tax	(394)	(414)
Employer tax credit	-	263
Financial asset at fair value	(39)	(3)
Tax remission in subsidiary	-	(633)
Provision for loan loss	86	453
Prior period (over)/under accrual	(23)	13
Other	415	(93)
Actual tax expense	1,900	1,665

32. Related party transactions

(a) Definition of related party

A related party is a person or entity that is related to the Group.

(i) A person or a close member of that person's family is related to the Group if that person:

(1) has control or joint control over the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or of a parent of the Group.

32. Related party transactions (continued)

(a) Definition of related party (continued)

(ii) An entity is related to the Group if any of the following conditions applies:

(1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(6) The entity is controlled, or jointly controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of companies of which it is a part, provides key management personnel services to the Group.

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

(b) Identity of related parties

The Group has related party relationships with its subsidiaries and associates and with its directors and executive officers and those of its subsidiaries and associates.

(c) The Group has engaged a related party, Proven Management Limited, to provide investment management services in relation to financial instruments held in a number of funds, and the business and operations of the Group, for a fee. The fee is charged at 2% of the Group's Average Net Asset Value in the financial year [see note 32(f)].

	2020 $'000	2019 $'000
Investment management fees paid for the year	2,173	1,514
Fees (over)/ under accrued at end of year	(280)	143
	1,893	1,657

(d) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the relevant activities of the Group, directly or indirectly. Such persons comprise the directors and executive officers. Key management compensation for the year is included in staff costs (note 29).

32. Related party transactions (continued)

(e) The statement of financial position includes balances, arising in the ordinary course of business, with its directors and key management, as follows:

	2020 $'000	2019 $'000
Loan receivable	1,467	1,130
Resale agreements	-	32
Other receivables	8	19
Repurchase agreements	-	1,092

Other amounts with related parties are disclosed in note 16.

(f) The statement of profit or loss and other comprehensive income includes the following income earned from, and expenses incurred in, transactions with related parties:

	2020 $'000	2019 $'000
MPS Holding Limited		
Dividends paid	8,605	1,289
Proven Management Limited		
Management fees	1,893	1,657

33. Earnings per stock unit

Earning per stock unit ("EPS") is computed by dividing the profit attributable to stockholders of the parent, of $29,979,000 (2019: $6,847,000), by the weighted average number of ordinary stock units in issue during the year, numbering 625,307,963 (2019: 625,307,963).

34. Distribution to equity holders

	2020 $'000	2019 $'000
Distribution to ordinary shareholders		
per stock unit - parent at 1.37¢ (2019: 0.81¢)	8,581	5,066
- non-controlling interest	1,100	1,754
	9,681	6,820

35. Segment financial information

The Group is organised into four main business segments:

(a) Wealth Management - this incorporates financial and related services such as securities brokering, stock brokering, portfolio planning and funds management.

(b) Retail Lending - this incorporates personal and non-personal banking services.

(c) Private Banking - This incorporates banking services, deposit accounts, credit and debit cards and cash-collaterised lending.

(d) Real Estate and Other – this incorporates real estate investment, real estate development for residential and commercial purposes and other non-trading subsidiaries.

Transactions between the business segments are on normal commercial terms and conditions.

Segment assets and liabilities comprise operating assets and liabilities, being the majority of items on the statement of financial position, but exclude items such as taxation, share of profit of associate and preference share. Eliminations comprise intercompany transactions and balances.

	2020					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
Gross revenue	53,146	10,538	9,080	12,997	-	85,761
Inter-segment revenue	(2,487)	(3,800)	-	(136)	-	(6,423)
Revenue from external customers	50,659	6,738	9,080	12,861	-	79,338
Segment results	37,303	4,847	2,141	(629)	(11,353)	32,309
Preference share dividend						(8,605)
Share of profit of associates						10,438
Profit before income tax						34,142
Taxation						(1,900)
Profit for the year						32,242
Total segment assets	295,397	274,981	-	129,743	(87,139)	612,982
Total segment liabilities	176,646	252,649	-	87,326	(9,059)	507,562
Interest income	7,501	6,714	6,212	80	(222)	20,285
Interest expense	(4,284)	(291)	(772)	(3,982)	222	(9,107)
Depreciation and amortisation	214	370	121	18	1,273	1,996

35. Segment financial information (continued)

	2019					
	Wealth management $'000	Private banking $'000	Retail lending $'000	Real estate & other $'000	Eliminations $'000	Group $'000
Gross revenue	26,612	8,385	13,745	5,900	-	54,642
Inter-segment revenue	(6,273)	(1,270)	(1,296)	(608)	-	(9,447)
Revenue from external customers	20,339	7,115	12,449	5,292	-	45,195
Segment results	11,692	4,314	3,600	965	(8,984)	11,587
Preference share dividend						(1,289)
Share of profit of associates						1,308
Profit before income tax						11,606
Taxation						(1,665)
Profit for the year						9,941
Total segment assets	291,654	245,354	35,483	106,899	(56,069)	623,321
Total segment liabilities	184,050	222,147	20,767	90,310	(7,096)	510,178
Interest income	9,901	5,842	10,813	42	(392)	26,206
Interest expense	(5,195)	(313)	(1,066)	(1,293)	392	(7,475)
Depreciation and amortisation	54	280	290	22	1,202	1,848

The geographic information analyses the Group's external revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographic information below, segment revenue is based on the geographic location of the customers and segment assets are based on the geographic location of the assets.

	2020					
	St. Lucia $'000	Jamaica $'000	Cayman $'000	Other $'000	Eliminations $'000	Total $'000
External revenues	51,513	19,977	5,669	2,179	-	79,338
Non-current assets	135,408	96,634	30	1,544	(78,458)	155,158

	2019					
	St. Lucia $'000	Jamaica $'000	Cayman $'000	Other $'000	Eliminations $'000	Total $'000
External revenues	16,828	24,003	2,725	1,639	-	45,195
Non-current assets	110,829	77,646	-	2,758	(88,522)	102,711

36. Financial instruments - risk management

(a) Introduction and overview:

By their nature, the Group's activities are principally related to the use of financial instruments. The Group's activities therefore expose it to a variety of financial risks: credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate risk and price risk. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise 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 has established committees for managing and monitoring risks, as follows:

(i) Investment Management Committee
(ii) Audit Committee

The Investment Management Committee oversees management's compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The Group accepts investments from customers at both fixed and floating rates and for various periods and seeks to earn above-average interest margins by investing these funds in high quality assets.

The Group seeks to increase these margins by consolidating short-term funds and investing for longer periods at higher rates while maintaining sufficient liquidity to meet encashments as they fall due.

The Group also trades in financial instruments where it takes positions to take advantage of short-term market movements in bond prices and in foreign exchange and interest rates. To manage the associated risks, trading limits are placed on the level of exposure that can be taken.

Impact of Covid 19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020 and the Government of Jamaica declared the island a disaster area on March 13, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. In response to the pandemic, Management has adopted several measures specifically around financial risk management. These measures include:

i) The Investment Management Committee and the Asset and Liability Committee within the Group meets bi-weekly to discuss strategies and plans around managing the liquidity and the capital needs of the Group.

36. Financial instruments - risk management (continued)

(a) Introduction and overview (continued):

ii) Implementation of a Liquidity Recovery Plan for securities dealers, which was recommended by the regulators. The key aspects of the plan include:

- Assessing the daily inflow and outflow of funds (liquidity forecasting);
- Identifying and assessing the adequacy of financial resources for contingent needs;
- Implementing measures geared at strengthening the entity's capital base; and
- A clear description of the escalation and decision-making process to ensure that the plan can be executed timely.

iii) The implementation of measures to assist external clients during this crisis, such as:

- Payment holidays on loans. It is not expected that there will be reclassification of loans from Stage 1 to Stage 2 as these payment holidays should not trigger a significant increase in the credit risk (SICR) unless other criteria indicating SICR [see note 36(b)] are identified.
- Special arrangements with clients, such as increasing their loan to value ratio, based on approval by the appropriate committee.

(b) Credit risk:

Management of credit risk attaching to key financial assets

Investment securities and loans receivable

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, the associated loss ratios and the default correlations between counterparties.

The Group uses ECL models developed by independent service providers to determine the ECL allowances for its investments and loans receivable. The models measure credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). The Group uses a provision matrix in applying the simplified model for trade receivables.

The maximum credit exposure, the total amount of loss the Group would suffer if every counterparty to the Group's financial assets were to default at once, is represented by the carrying amount of financial assets exposed to credit risk.

The COVID-19 pandemic has caused significant market volatility which has increased the Group's credit risk. The downgrading of credit ratings and/or outlooks for investment securities held has resulted in an increase in the credit risk of some debt instruments and loans.

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

The following table sets out information about the credit quality of financial assets measured at amortised cost, FVOCI debt instruments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments, the amounts in the table represent the amounts committed.

- Debt securities and other financial assets at amortised cost:

	2020			2019
	Stage 1 $'000	Stage 2 $'000	Total $'000	Stage 1 $'000
Credit grade				
Cash and cash equivalents and resale agreements	100,371	-	100,371	79,164
Other assets	12,993	-	12,993	9,307
Investment grade	7,386	4,802	12,188	6,113
Non-investment grade	16,924	-	16,924	11,870
	137,674	4,802	142,476	106,454
Allowance for impairment losses	(306)	(77)	(383)	(30)
	137,368	4,725	142,093	106,424

- Debt securities at FVOCI:

	2020		
	Stage 1 $'000	Stage 2 $'000	Total $'000
Credit grade			
Investment grade	191,324	4,276	195,600
Non-investment grade	52,480	-	52,480
	243,804	4,276	248,080
ECL charge	(802)	(146)	(948)

	2019		
	Stage 1 $'000	Stage 2 $'000	Total $'000
Credit grade			
Investment grade	212,783	750	213,533
Non-investment grade	89,068	181	89,249
Default	(192)	(15)	(207)
	301,659	916	302,575
ECL charge	(1,132)	(8)	(1,140)

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

- Loans receivable at amortised cost:

	2020			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	13,414	-	-	13,414
Over 90 days	15,562	-	88	15,650
	28,976	-	88	29,064
Loss allowance	(121)	-	(88)	(209)
Total	28,855	-	-	28,855
Guarantees and letters of credit				
Loan commitments				
Grades A: Low risk	12,963	-	-	12,963
Loss allowance	(380)	-	-	(380)
	12,583	-	-	12,583

	2019			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Ageing of loans receivable				
Current	32,711	-	-	32,711
Past due 1-30 days	2,457	-	-	2,457
Past due 31-60 days	106	642	-	748
Past due 60-90 days	-	294	221	515
Over 90 days	16,839	-	1,652	18,491
	52,113	936	1,873	54,922
Loss allowance	(1,612)	(200)	(1,776)	(3,588)
Total	50,501	736	97	51,334
Guarantees and letters of credit				
Loan commitments				
Grades A: Low risk	2,381	-	-	2,381
Loss allowance	(15)	-	-	(15)
	2,366	-	-	2,366

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

- Loans receivable at amortised cost (continued):

The key judgements and assumptions adopted by the Group in addressing the requirements of IFRS 9 are discussed below:

Credit risk grades

The Group uses internal credit risk gradings that reflect its assessment of the probability of default of individual counterparties. The Group uses internal rating models tailored to the various categories of counterparty.

Borrower and loan specific information collected at the time of application (such as disposable income, and level of collateral for personal exposures; and turnover and industry type for commercial exposures) is fed into this rating model. This is supplemented with external data such as credit bureau scoring information on individual borrowers. In addition, the models incorporate expert judgement from the Credit Risk Officers in determining the final internal credit rating for each exposure. This allows for considerations which may not be captured as part of the standard data inputs into the model.

For debt securities in the Treasury portfolio, external rating agency credit grades are used. These published grades are monitored and regularly updated. The PD's associated with each grade are determined based on realised default rates over the prior 12 months, as published by the rating agency.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Determining whether credit risk has been increased significantly (Stage 2)

The Group uses three criteria for determining whether there has been a significant increase in credit risk:

- quantitative test based on movement in Probabilities of Default (PD). Credit risk is deemed to increase significantly where the probability of default on a security or a loan has moved by six (6) basis points;
- qualitative indicators; and
- a backstop of 30 days past due, determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Determining whether credit risk has been increased significantly (Stage 2) (continued)

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Group determines a probation period during which the financial asset is required to demonstrate evidence that its credit risk has declined sufficiently. When contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms.

Incorporation of forward-looking information

These economic variables and their associated impact on the PD, EAD and LGD vary by financial instrument.

Expert judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided by the Group's Finance team and provide the best and worst estimate view of the economy.

The impact of these economic variables on the PD, EAD and LGD has been determined by performing a trend analysis and comparing historical information with forecast macro-economic data to determine whether the indicator describes a positive, negative or stable trend and to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group considers other possible scenarios and scenario weightings. The Group concluded that three scenarios appropriately captured non-linearities. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

36. Financial instruments - risk management

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Incorporation of forward-looking information (continued)

Each scenario considers the expected impact of interest rates, unemployment rates and gross domestic product (GDP).

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

The assumptions underlying the ECL calculation - such as how the maturity profile of the PDs and how collateral values change etc. - are monitored and reviewed on a quarterly basis.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following:

Life time PD models calculate probabilities of default at a minimum of an annual frequency all the way out for 20 years. Beyond 20 years, due to lack of available data and the challenge of predicting PDs this far into the future, the model assumes that the 20 year annual marginal PD holds constant from the 20 year mark until maturity.

LGD is the magnitude of the likely loss if there is a default. The recovery rate model provides transparent, timely (point-in-time), quantitative estimates of recovery rates of issues within different liability classes of a given counterparty.

The bond recovery rate model is based on historically realised recovery rates of defaulted bonds. Realised recovery rates are defined as the trading price of defaulted bonds approximately 30 days after default. Effectively, the model is a non-linear factor based model. Historical recovery rate data was compared to a variety of factors in order to determine correlations between these factors and the amount recovered (as defined above). These correlations were then used to determine the coefficients in a non-linear factor model which is used for projecting recovery rates and losses prospectively. The output from this model can be used either on a stand-alone basis to estimate recovery by specific liability class upon default, or as inputs to a more comprehensive portfolio credit risk management system.

36. Financial instruments - risk management

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Investment securities and loans receivable (continued)

Measurement of ECL (continued)

EAD represents the expected exposure in the event of a default. The Group uses an established third party service provider to determine client-specific exposure at default ("EAD") amounts on a position-by position or lot-by-lot basis. In preparing the full lifetime ECL calculation, the EAD is calculated at annual intervals from the reporting date out to maturity. The reporting date, transaction date and transaction price are used to calculate the accounting exposure at default. If not provided, an accounting effective interest rate is calculated using the transaction date and price (see section below) and is applied to the future cash flows of the particular instrument to discount these cash flows. This is done on an annual basis from reporting date out to maturity.

Loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument.

- Debt securities, loans receivable and resale agreements at amortised cost:

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at March 31, 2018 (IAS 39)	-	-	(5,803)	(5,803)
Remeasurement on April 1, 2018 (IFRS 9)	(1,344)	(258)	(561)	(2,163)
Net re-measurement of loss allowance	(430)	7	(679)	(1,102)
Loans written off	-	-	5,201	5,201
Foreign currency adjustment	151	40	43	234
Balance at March 31, 2019	(1,623)	(211)	(1,799)	(3,633)
Net re-measurement of loss allowance	(473)	(76)	85	(464)
Movement on ECL as a result of disposal of subsidiary	3,341	-	-	3,341
Foreign currency adjustment	(216)	-	-	(216)
Balance at March 31, 2020	1,029	(287)	(1,714)	(972)

36. Financial instruments - risk management

(b) Credit risk (continued):

Management of credit risk attaching to key financial assets (continued)

Loss allowance (continued)

- Debt securities at FVOCI:

	Stage 1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
Balance at March 31, 2018 (IAS 39)	-	-	-	-
Remeasurement on April 1, 2018 (IFRS 9)	(1,419)	(197)	-	(1,616)
Net re-measurement of loss allowance	287	189	-	476
Balance at March 31, 2019	(1,132)	(8)	-	(1,140)
Net re-measurement of loss allowance	199	(131)	-	68
Foreign currency adjustment	124	-	-	124
Balance at March 31, 2020	(809)	(139)	-	(948)

(i) Maximum exposure to credit risk:

The Group manages its credit risk exposure as follows:

- Cash and cash equivalents

  These are held with reputable, regulated financial institutions. Collateral is not required for such accounts, as management regards the institutions as strong.

- Resale agreements

  Collateral is held for resale agreements in amounts that secure the collection of both principal and interest.

- Investment securities

  The Group manages the level of risk it undertakes by investing substantially in sovereign debts and counterparties with acceptable credit ratings.

- Accounts receivable

  Exposure to credit risk is managed by regular analysis of the ability of the customers and other counterparties to meet repayment obligations.

- Loans receivable

  The Group's policy requires that proposed significant loans are approved by the Investment Committee prior to disbursement, with the Committee thereafter monitoring the performance of the credit.

36. Financial instruments - risk management (continued)

(b) Credit risk (continued):

(ii) Concentration of credit risk:

The Group holds significant amounts of debt securities issued by Government of Jamaica and Bank of Jamaica. There is no other significant concentration of credit risk.

(c) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. Prudent liquidity risk management procedures which the Group applies include maintaining sufficient cash and marketable securities, and monitoring future cash flows and liquidity on a daily basis.

Due to the impact of the COVID-19 pandemic, which has resulted in customers withdrawing funds at a higher rate, the Group has implemented a Liquidity Risk Response Strategy (including stress testing scenarios) on entities within the Group with portfolios that possess the largest liquidity risk implications.

(i) Liquidity risk management:

The Group's liquidity management process, as monitored by the Investment Management Committee, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates collateral which could be used to secure funding if required;

(ii) Maintaining a portfolio of highly marketable and diverse assets that can readily be liquidated as protection against any unforeseen interruption to cash flows;

(iii) Optimising cash returns on investment;

(iv) Monitoring liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities; and

(v) Managing the concentration and profile of debt maturities. Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The table below presents the undiscounted cash flows of the Group's financial labilities (both interest and principal cash flows) based on contractual repayment obligations. The tables also reflect the expected maturities of the Group's liabilities at the reporting date.

36. Financial instruments - risk management (continued)

(c) Liquidity risk (continued):

(i) Liquidity risk management (continued):

	2020						
	0-30 days	31-90 days	91-365 days	366 days to 5 years	No specific maturity date	Total contractual outflow	Carrying amount
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Repurchase agreements	46,365	25,218	5,567	900	-	78,050	77,609
Owed to related parties	-	-	-	-	932	932	932
Notes payable	28	5,706	35,168	157,435	5,709	204,046	154,503
Other liabilities	2,278	-	-	13	4,130	6,421	6,427
Due to banks	420	-	-	-	-	420	420
Due to customers	242,876	3,166	4,222	204	-	250,468	250,432
Deferred income	-	-	-	1,813	-	1,813	1,813
Preference shares	-	-	-	-	1	1	1
Lease liabilities	13	31	242	410	565	1,260	1,252
Guarantees and letters of credit	-	834	9,376	2,753	-	12,963	12,963
Total financial liabilities	291,980	34,955	54,575	163,528	11,337	556,375	506,352

	2019						
Liabilities							
Repurchase agreements	41,642	41,214	5,783	961	-	89,600	88,625
Owed to related parties	-	-	-	-	423	423	423
Notes payable	2,186	17,108	14,644	64,138	107,605	205,681	185,550
Other liabilities	4,228	505	807	-	4,484	10,024	8,082
Due to banks	522	-	-	-	-	522	522
Due to customers	212,120	5,177	3,766	36	-	221,099	221,051
Deferred income	-	-	-	2,854	-	2,854	2,854
Preference shares	-	-	-	-	1	1	1
Guarantees and letters of credit	2,382	-	-	-	-	2,382	2,382
Total financial liabilities	263,080	64,004	25,000	67,989	112,513	532,586	509,490

(d) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to the individual security or its issuer, or factors affecting all securities traded in the market.

These arise mainly from changes in interest rate, foreign currency rates and equity prices and will affect the Group's income or the value of its holdings of financial instruments.

Market risk is monitored by the Investment Management Committee which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

The COVID-19 pandemic has caused significant market volatility which has increased the Group's market risk. The downgrading of credit ratings and or outlooks for investment securities has resulted in increased funding and liquidity risk.

(i) Foreign currency risk:

Foreign currency risk is the risk that the market value of, or the cash flows from, financial instruments will vary because of exchange rate fluctuations. The Group is exposed to foreign currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the functional currency. The main currencies giving rise to this risk are the Jamaica dollar (JMD), Great Britain Pound (GBP), Canadian Dollar (CAD), Euro (EUR) and the Australian Dollar (AUD). The Group manages this risk by matching foreign currency assets with foreign currency liabilities, to the extent practicable. The net foreign currency exposure is kept to the targeted levels by buying or selling currencies at spot rates when necessary to address imbalances.

At the reporting date, exposure to foreign currency risk was as follows:

	2020					
	JMD $'000	GBP £'000	CAD $'000	EUR €'000	AUD $'000	Other $'000
Assets						
Cash and cash equivalents	609,710	6,511	3,035	3,804	8,854	2,872
Resale agreements	574,092	-	-	-	-	-
Investment securities	3,459,645	5,778	-	15,513	588	161
Loans receivable	1,180,927	-	-	-	-	-
Other	2,492,457	-	2	-	1	20
	8,316,831	12,289	3,037	19,317	9,443	3,053
Liabilities						
Repurchase agreements	3,019,841	53	15	-	-	-
Owed to related parties	1,253	-	-	-	-	-
Notes payable	11,099,664	-	-	-	-	-
Due to customers	-	12,409	2,968	19,688	9,423	2,975
Other	1,408,871	12	-	1	-	1,452
	15,529,629	12,474	2,983	19,689	9,423	4,427
Net position	(7,212,798)	(185)	54	(372)	20	(1,374)

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

	2019					
	JMD $'000	GBP £'000	CAD $'000	EUR €'000	AUD $'000	Other $'000
Assets						
Cash and cash equivalents	304,006	3,226	1,533	2,754	2,190	2,544
Resale agreements	430,006	-	-	-	-	-
Investment securities	3,855,283	6,140	-	15,920	685	157
Loans receivable	1,178,413	-	-	-	-	-
Other	522,365	-	-	-	-	22
	6,290,073	9,366	1,533	18,674	2,875	2,723
Liabilities						
Repurchase agreements	3,419,911	2	61	-	-	-
Notes payable	10,501,568	-	-	-	-	-
Preference shares	33,333	-	-	-	-	-
Due to customers	-	9,333	1,435	18,477	2,855	2,868
Other	195,132	32	-	1	-	351
	14,149,944	9,367	1,496	18,478	2,855	3,219
Net position	(7,859,871)	(1)	37	196	20	(496)

Sensitivity to exchange rate movements:

The following indicates the sensitivity to changes in foreign currency exchange rates of the Group's profit and shareholders' equity. It is computed by applying a reasonably possible change in exchange rates to foreign currency denominated monetary assets and liabilities as assessed by management at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

		2020	
	% change in currency rate	Effect on profit $'000	Effect on comprehensive income $'000
Currency:			
JMD	2% Revaluation	(30)	-
GBP	2% Revaluation	(3)	-
CAD	2% Revaluation	2	-
AUD	2% Revaluation	1	-
EUR	2% Revaluation	(7)	-

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(i) Foreign currency risk (continued):

Sensitivity to exchange rate movements (continued):

	% change in currency rate	2020 Effect on profit $'000	2020 Effect on comprehensive income $'000
Currency:			
JMD	6% Devaluation	81	-
GBP	6% Devaluation	9	-
CAD	6% Devaluation	(4)	-
AUD	6% Devaluation	(1)	-
EUR	6% Devaluation	19	-

	% change in currency rate	2019 Effect on profit $'000	2019 Effect on comprehensive income $'000
Currency:			
JMD	2% Revaluation	(1,267)	-
CAD	2% Revaluation	1	-
AUD	2% Revaluation	1	-
EUR	2% Revaluation	3	-

	% change in currency rate	2019 Effect on profit $'000	2019 Effect on comprehensive income $'000
JMD	6% Devaluation	(389)	-
GBP	6% Devaluation	-	-
CAD	6% Devaluation	(2)	-
AUD	6% Devaluation	(1)	-
EUR	6% Devaluation	(6)	-

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group manages this risk by monitoring interest rates daily. Even though there are no formally predetermined gap limits, where possible and to the extent judged appropriate, the maturity profile of its financial assets is matched by that of its financial liabilities; where gaps are deliberately arranged, management expects that its monitoring will, on a timely basis, identify the need to take appropriate action to close a gap if it becomes necessary.

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's interest rate risk management policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-earning financial assets and interest-bearing financial liabilities. The Investment Management Committee sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by management and reported monthly to the Committee.

The table below summarises exposure to interest rate risk. Included in the tables are the carrying amounts of financial assets and financial liabilities, categorised by the earlier of contractual repricing and maturity dates.

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	2020						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non-interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	22,841	14,922	-	-	-	56,866	94,629
Resale agreements	1,457	-	2,389	-	-	1,896	5,742
Investment securities	10,489	9,880	37,080	155,018	78,906	23	291,396
Loans receivable	7,847	4,600	3,100	13,306	-	2	28,855
Other assets	6,678	-	-	-	-	6,315	12,993
Guarantees and letters of credit	-	-	-	-	-	12,583	12,583
Total assets	49,312	29,402	42,569	168,324	78,906	77,685	446,198
Liabilities							
Repurchase agreements	37,643	25,081	5,483	878	-	8,523	77,609
Owed to related parties	10	-	-	-	-	922	932
Notes payable	10,336	5,158	33,863	32,195	69,424	3,519	154,495
Other liabilities	-	-	-	-	585	5,842	6,427
Deposits from other banks	-	-	-	-	-	420	420
Due to customers	10,819	3,162	4,200	200	-	232,051	250,432
Deferred income	-	-	-	-	-	1,813	1,813
Lease liabilities	13	30	144	500	565	-	1,252
Preference shares	-	-	-	-	-	1	1
Guarantees and letters of credit	-	-	-	-	-	12,963	12,963
Total liabilities	58,821	33,431	43,690	33,773	70,574	266,055	506,344
Interest rate sensitivity gap	(9,509)	(4,029)	(1,121)	134,551	8,332	(188,370)	(60,146)
Cumulative interest rate sensitivity gap	(9,509)	(13,538)	(14,659)	119,892	128,224	(60,146)	-

	2019						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Assets							
Cash and cash equivalents	28,450	16,692	-	-	-	23,966	69,108
Resale agreements	7,740	400	900	-	-	1,016	10,056
Investment securities	10,187	9,420	20,621	179,063	110,237	7,212	336,740
Loans receivable	35,527	7,226	3,650	2,653	2,278	-	51,334
Other assets	5,650	-	-	-	-	3,657	9,307
Guarantees and letters of credit	-	-	-	-	-	2,366	2,366
Total assets	87,554	33,738	25,171	181,716	112,515	38,217	478,911

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

	2019						
	0-30 days $'000	31-90 days $'000	91-365 days $'000	366 days to 5 years $'000	Over 5 years $'000	Non interest sensitive $'000	Total $'000
Liabilities							
Repurchase agreements	41,649	41,277	4,753	946	-	-	88,625
Owed to related parties	-	-	-	-	-	423	423
Notes payable	27,296	15,137	9,650	45,824	75,063	12,580	185,550
Other liabilities	3,198	-	-	-	1,047	3,837	8,082
Deposits from other banks	119	-	-	-	-	403	522
Due to customers	15,878	5,164	3,737	35	-	196,237	221,051
Deferred income	-	-	-	-	2,854	-	2,854
Preference shares	-	-	-	-	-	1	1
Guarantees and letters of credit	-	-	-	-	-	2,382	2,382
Total liabilities	88,140	61,578	18,140	46,805	78,964	215,863	509,490
Interest rate sensitivity gap	(586)	(27,840)	7,031	134,911	33,551	(177,646)	(30,579)
Cumulative interest rate sensitivity gap	(586)	(28,426)	(21,395)	113,516	147,067	(30,579)	-

The table below summarises the effective interest rate by major currencies for financial instruments at the reporting date.

	2020		2019	
	JMD %	USD %	JMD %	USD %
Assets				
Resale agreements	3.23	3.15	3.29	2.01
Investment securities	4.65	6.23	3.75	6.65
Loans receivable	7.49	3.61	6.60	2.96
Liabilities				
Repurchase agreements	2.11	2.09	2.82	1.07
Notes payable	3.49	2.95	3.00	6.00
Preference shares	16.27	-	8.25	-

Sensitivity to interest rate movements

The following table indicates the sensitivity to interest rate movements in basis points (bps) at the reporting date, on the Group's profit or loss and shareholders' equity. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2020	2019
J$ interest rates	Increase by 100 bps	Decrease by 100 bps
US$ interest rates	Increase by 100 bps	Decrease by 100 bps

36. Financial instruments - risk management (continued)

(d) Market risk (continued):

(ii) Interest rate risk (continued):

Sensitivity to interest rate movements (continued)

	2020		2019	
	Effect on profit	Effect on equity	Effect on profit	Effect on equity
	$'000	$'000	$'000	$'000
Direction of change in basis points:				
Increase in interest rates	(240)	(1,272)	(172)	(1,670)
Decrease in interest rates	266	(3,321)	198	(1,830)

(iii) Price risk:

Sensitivity to equity price movements

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

The Group's exposure to price risk is represented by the total carrying value of equity investments on the statement of financial position of $1,857,400 (2019: $6,186,000).

A 5% (2019: 10%) increase in stock prices at March 31, 2020 would have increased profit by $92,800 (2019: $618,600); a 10% (2019: 10%) decrease in stock prices as at the reporting date would result in a decrease in profit by $185,700 (2019: $618,600.

(e) Capital management:

The Group's objectives when managing capital, as it applies to the regulated subsidiaries, are as follows:

(i) To comply with the capital requirements set by the Financial Services Commission ("the Commission") in Jamaica and Financial Services Regulatory Authority ('the Authority) in St. Lucia;

(ii) To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of its business.

36. Financial instruments - risk management (continued)

(e) Capital management (continued):

Capital adequacy and the use of regulatory capital are monitored daily by management, employing techniques based on the guidelines developed by the Commission and the Authority. The required information is filed with the Commission on a monthly basis and with the Authority on a quarterly basis.

The Commission requires each securities dealer to:

(i) Hold the level of the regulatory capital at no less than 50% of Tier 1 Capital; and

(ii) Maintain a ratio of total regulatory capital to the risk-weighted assets at or above 10%.

The Jamaican subsidiary's regulatory capital is managed by its compliance officer and is divided into two tiers:

(iii) Tier 1 capital: issued and fully paid-up capital in the form of ordinary shares, retained earnings and reserves; and

(ii) Tier 2 capital: redeemable cumulative preference shares.

The risk-weighted assets are measured by means of stipulated weights applied to the risk-based assets and other risk exposures as determined by the Commission.

St. Lucia regulator, (the Authority) requires each bank or banking group to:

(i) hold the minimum level of the regulatory capital of $1,000,000, and

(ii) maintain a ratio of total regulatory capital to risk-weighted assets (the “Basel capital ratio”) at or above the prescribed regulatory minimum and maintain a ratio of total regulatory Tier 1 capital to risk-weighted assets (the “Basel capital adequacy ratio”) at or above the prescribed regulatory minimum.

Investments in associates are deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees.

36. Financial instruments - risk management (continued)

(e) Capital management (continued):

The table below summarises the composition of regulatory capital and the ratios of the Company's subsidiaries that are regulated by the Commission and Authority. These ratios were in compliance with the requirements of the Commission and Authority throughout the year.

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
Tier 1 capital:						
Ordinary shares	498	532	5,098	5,462	8,277	6,277
Retained earnings and reserves	16,461	17,948	(3,719)	(3,295)	17,295	16,848
Total qualifying tier 1 capital	16,959	18,480	1,379	2,167	25,572	23,125
Tier 2 capital:						
Unrealised (gain)/loss	-	-	-	-	(3,240)	82
Redeemable preference shares, being total qualifying tier 2 capital	249	266	-	-	-	-
Total regulatory capital	17,208	18,746	1,379	2,167	22,332	23,207
Total risk-weighted assets	84,869	93,075	1,462	2,392	220,480	175,923

The Commission and the Authority require the subsidiaries to maintain certain specific ratios, as follows:

	Proven Wealth Limited		International Financial Planning Jamaica Limited		BOSLIL Bank Ltd	
	2020	2019	2020	2019	2020	2019
	$'000	$'000	$'000	$'000	$'000	$'000
(i) Tier 1 capital to total regulatory capital:						
Minimum required	50.00%	50.00%	50.00%	50.00%	-	-
Actual	99.00%	98.56%	100.00%	100.00%	-	-
(ii) Regulatory capital to total assets:						
Minimum required	6.00%	6.00%	6.00%	6.00%	-	-
Actual	14.00%	16.54%	91.64%	82.04%	-	-
(iii) Regulatory capital to risk-weighted assets:						
Minimum required	10.00%	10.00%	10.00%	10.00%	-	-
Actual	20.28%	20.14%	94.31%	90.60%	-	-
(iv) Basel capital ratio:						
Minimum required					4.00%	4.00%
Actual					11.42%	12.22%
(v) Basel capital adequacy ratio:						
Minimum required					8.00%	8.00%
Actual					9.97%	13.42%

37. Financial instruments – fair values

(a) Definition and measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Where a quoted market price is available for an asset or liability, fair value is computed using the quoted bid price at the reporting date, without any deduction for transaction costs or other adjustments. Where a quoted market price is not available, fair value is computed using alternative techniques, making use of observable data as far as possible.

Fair values are categorised into different levels in a three-level fair value hierarchy, based on the degree to which the inputs used in the valuation techniques are observable. The different levels in the hierarchy have been defined as follows:

Level 1 refers to financial assets and financial liabilities that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 refers to financial assets and financial liabilities that are measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions, and for which pricing is obtained via pricing services, but where prices have not been determined in an active market. This includes financial assets with fair values based on broker quotes, investments in funds with fair values obtained via fund managers, and assets that are valued using a model whereby the majority of assumptions are market observable.

Level 3 refers to financial assets and financial liabilities that are measured using non-market observable inputs. This means that fair values are determined in whole or in part using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are based on available market data.

(b) Valuation techniques for investment securities classified as Level 2

Type	**Valuation techniques**
Foreign currency forward contracts	• Obtain last traded price of the forward on the date of valuation, provided by the recognised broker/dealer through which the forward contract is obtained. • Apply price to estimate fair value.

37. Financial instruments – fair values (continued)

(b) Valuation techniques for investment securities classified as Level 2 (continued)

Type	Valuation techniques
Government of Jamaica securities:	
US$ Denominated Securities	• Obtain bid price provided by a recognised independent source, namely, Bloomberg. • Apply price to estimate fair value.
J$ Denominated Securities	• Obtain bid price provided by a recognised industry source (which uses Jamaica-market source indicative bids). • Apply price to estimate fair value.
Global bonds	• Obtain bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Mutual funds	• Obtain prices quoted by unit trust managers. • Apply price to estimate fair value.
Corporate bonds	• Obtained bid price provided by recognised independent pricing source, namely, Bloomberg. • Apply price to estimate fair value.
Credit-linked notes	• Obtain price based on the quoted price of the underlying credit default swap which is derived from Bloomberg on the valuation date, plus the valuation of the underlying note. • Apply price to estimate fair value.

(c) Accounting classifications and fair values:

The following table shows the classification of financial assets and financial liabilities and their carrying amounts.

Where the carrying amounts of financial assets and financial liabilities are measured at fair value, their levels in the fair value hierarchy are also shown. Where the carrying amounts of financial assets and financial liabilities are not measured at fair value, and those carrying amounts are a reasonable approximation of fair value, fair value information (including amounts, and levels in the fair value hierarchy) is not disclosed.

37. Financial instruments – fair values (continued)

(c) Accounting classifications and fair values (continued):

	2020						
	Carrying amount				Fair value		
	Amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Quoted equities	-	-	1,857	1,857	945	912	1,857
Global bonds	19,713	167,978	-	187,691	160,962	46,514	207,476
Government of Jamaica securities	-	40,285	-	40,285	-	40,285	40,285
Corporate bonds	5,536	32,567	1,492	39,595	-	39,560	39,560
Certificate of deposit	3,732	-	-	3,732	-	3,732	3,732
Foreign sovereign debt	-	7,250	4,921	12,171	1,555	10,616	12,171
Investments in unit trust	-	-	5,392	5,392	4,575	817	5,392
Principal protected note warrant asset	-	-	673	673	-	673	673
	28,981	248,080	14,335	291,396	168,037	143,109	311,146

	2019						
	Carrying amount				Fair value		
	Amortised cost	Financial assets at FVOCI	Financial assets at FVTPL	Total	Level 1	Level 2	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Quoted equities	-	-	6,186	6,186	6,186	-	6,186
Global bonds	10,090	193,691	9,450	213,231	-	213,231	213,231
Government of Jamaica securities	-	49,694	-	49,694	-	49,694	49,694
Corporate bonds	4,501	53,715	-	58,216	-	58,216	58,216
Commercial papers	680	-	-	680	-	680	680
Certificate of deposit	2,682	-	-	2,682	-	2,682	2,682
Foreign sovereign debt	-	5,475	576	6,051	-	6,051	6,051
	17,953	302,575	16,212	336,740	6,186	330,554	336,740

38. Prior year adjustments

During the year, the Group recognised an overstatement of loans receivable in a subsidiary that also affected the financial statements of prior years. The difference has been corrected by restating each of the affected financial statement line for prior periods. The following tables summarise the impact on the Group's consolidated financial statements.

38. Prior year adjustments (continued)

(i) Effect on consolidated statement of financial position:

	April 1, 2018		
	As previously reported $'000	Adjustments $'000	As restated $'000
ASSETS			
Cash and cash equivalents	89,363	-	89,363
Resale agreements	24,373	-	24,373
Investment securities	369,085	-	369,085
Loans receivable	43,903	(2,346)	41,557
Other assets	10,350	-	10,350
Income tax recoverable	51	-	51
Property, plant and equipment	1,039	-	1,039
Investment property	17,348	-	17,348
Intangible assets	20,014	-	20,014
Deferred tax asset	1,389	-	1,389
Total assets	576,915	(2,346)	574,569
LIABILITIES AND STOCKHOLDERS' EQUITY			
Total liabilities	469,563	-	469,563

	April 1, 2018		
	As previously reported $'000	Adjustments $'000	As restated $'000
Stockholders' equity			
Share capital	86,716	-	86,716
Fair value reserve	(8,194)	-	(8,194)
Foreign exchange translation reserve	(6,875)	-	(6,875)
Retained earnings	13,448	(1,167)	12,281
Equity attributable to owners of the company	85,095	(1,167)	83,928
Non-controlling interest	22,257	(1,179)	21,078
Total stockholders' equity	107,352	(2,346)	105,006
Total liabilities and stockholders' equity	576,915	(2,346)	574,569

38. Prior year adjustments (continued)

(i) Effect on consolidated statement of financial position (continued):

	March 31, 2019		
	As previously reported $'000	Adjustments $'000	As restated $'000
ASSETS			
Cash and cash equivalents	69,108	-	69,108
Resale agreements	10,056	-	10,056
Investment securities	336,740	-	336,740
Loans receivable	53,924	(2,590)	51,334
Other assets	9,307	-	9,307
Property development in progress	10,597	-	10,597
Income tax recoverable	66	-	66
Guarantees and letters of credit	2,366	-	2,366
Property, plant and equipment	1,355	-	1,355
Investment property	14,229	-	14,229
Intangible assets	35,423	-	35,423
Investment in associates	80,972	-	80,972
Deferred tax asset	1,768	-	1,768
Total assets	625,911	(2,590)	623,321
LIABILITIES AND STOCKHOLDERS' EQUITY			
Total liabilities	510,178	-	510,178
Stockholders' equity			
Share capital	86,716	-	86,716
Fair value reserve	2,689	-	2,689
Foreign exchange translation reserve	(7,063)	-	(7,063)
Retained earnings	9,671	(1,288)	8,383
Equity attributable to owners of the company	92,013	(1,288)	90,725
Non-controlling interest	23,720	(1,302)	22,418
Total stockholders' equity	115,733	(2,590)	113,143
Total liabilities and stockholders' equity	625,911	(2,590)	623,321

38. Prior year adjustments (continued)

(ii) Effect on consolidated statement of profit or loss and other comprehensive income for the year ended March 31, 2019:

	As previously reported $'000	Adjustments $'000	As restated $'000
Total revenue	37,720	-	37,720
Operating expenses	14,217	-	14,217
Other operating expenses	11,672	244	11,916
Total expenses	25,889	244	26,133
Operating profit	11,831	(244)	11,587
Other	(1,646)	-	(1,646)
Profit for the year	10,185	(244)	9,941
Total comprehensive income	**17,316**	**(244)**	**17,072**

(iii) There was no material impact on the Group's earnings per share and no impact on the total operating, investing or financing cash flow activities for the year ended March 31, 2019.

39. Subsequent events

A dividend payment of $0.0028 (2019: $0.0021) per share was declared at the Board Meeting of Proven Investments Limited, which was held on June 16, 2020. Ordinary shareholders who have requested payment in Jamaica dollars will receive the equivalent of JA$0.3938 (2019: JA$0.2804) per share. This dividend payment will be made to all ordinary shareholders on record on July 6, 2020 and will be paid on July 20, 2020.

Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

APPENDIX 4

AUDITORS' CONSENT LETTER

KPMG

204 Johnsons Centre
No. 2 Bella Rosa Road
P.O. Box GI 2171
Gros-Islet LC01 101
Saint Lucia

Telephone: (758) 453-5764
Email: ecinfo@kpmg.lc

December 22, 2020

The Board of Directors
Proven Investments Limited
20 Micoud Street
Castries
Saint Lucia

Ladies and Gentlemen:

Prospectus for the additional public offer by Proven Investments Limited of 89,416,037 new ordinary shares (with the ability to upsize to a maximum of 134,124,037 new ordinary shares)

With respect to the captioned prospectus for the offer of ordinary shares by Proven Investments Limited ("the Company"), we hereby consent to the inclusion in the prospectus of:

- our auditors' report dated December 22, 2020 on the summary consolidated financial statements, which comprise the summary consolidated statements of financial position and profit or loss and other comprehensive income for the five years ended March 31, 2016 to March 31, 2020;
- our auditors' report dated July 20, 2020, on the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the Group's consolidated statement of financial position as at March 31, 2020, the Group's consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information; and
- references to our name in the form and context in which it is included in the prospectus.

December 22, 2020

The Board of Directors
Proven Investments Limited

We confirm that we have not withdrawn such consent before delivery of a copy of the prospectus to the Financial Services Commission for registration.

This letter should not be regarded as in any way updating the aforementioned reports or representing that we performed any procedures subsequent to the date of such reports.

Yours faithfully,
For and on behalf of KPMG

Lisa Brathwaite
Partner

APPENDIX 5

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDING SEPTEMBER 30, 2020

Un-Audited Consolidated Statement of Financial Position

September 30, 2020

	September 2020 US$	September 2019 US$	MARCH 2020 US$
ASSETS			
Cash and cash equivalents	125,140,244	123,581,751	94,628,891
Resale agreements	1,818,657	11,635,626	5,742,153
Investment securities	261,505,826	295,505,571	291,396,093
Investment in Associates	132,626,869	106,999,548	118,987,158
Loans Receivable	27,057,158	26,872,183	28,855,004
Other Receivables	30,767,621	33,079,913	35,098,282
Property Development In Progress	7,893,929	1,528,182	3,752,631
Investment Property	11,780,378	25,864,005	12,270,426
Intangible Assets	19,342,734	18,253,782	19,194,111
Property, plant and equipment	3,967,484	2,284,189	3,057,071
Total Assets	621,900,900	645,604,750	612,981,820
LIABILITIES			
Client liabilities	72,300,089	78,590,148	78,024,460
Related company	1,730,008	7,934,265	931,929
Notes Payable	150,419,749	143,048,962	154,502,508
Preference shares	1,000	1,000	1,000
Other liabilities	23,403,931	41,337,731	23,665,653
Due to Customers	244,654,163	254,894,549	250,436,099
Total Liabilities	492,508,940	525,806,655	507,561,649
SHARE HOLDERS' EQUITY			
Share capital	86,716,754	86,716,754	86,716,754
Investment revaluation reserve	3,026,548	6,838,078	(14,864,613)
Foreign exchange translation	103,358	(8,722,230)	(2,622,262)
Retained earnings	32,017,738	29,109,108	29,780,573
Total Shareholders' Equity	121,864,398	113,941,710	99,010,452
Minority Interest	7,527,562	5,856,385	6,409,719
Total Shareholders' Equity and Liabilities	621,900,900	645,604,750	612,981,820

Approved for Issue by the Board of Directors and signed on its behalf by

Director **Director**

Un-Audited Consolidated Statement of Income
for the period ended September 30, 2020

	Quarter ended September 2020	Quarter ended September 2019	Period ended September 2020	Period ended September 2019	Audited March 2020
	US$	US$	US$	US$	US$
INCOME					
Interest Income	2,910,693	6,931,913	6,001,188	13,812,933	20,284,963
Interest expense	(2,248,972)	(2,590,332)	(4,459,225)	(5,216,976)	(9,107,249)
Net Interest income	661,721	4,341,581	1,541,963	8,595,957	11,177,714
Other income					
Gains on securities trading	3,482,056	2,747,394	3,854,739	3,389,449	3,782,565
Dividend Income	6,343	7,205	10,112	39,718	32,950
Pension Management Income	785,317	847,777	1,567,942	1,652,293	3,432,337
Fees & Commissions	1,918,427	3,529,139	3,399,692	6,901,047	11,584,739
Foreign exchange translation gains/(losses)	251,209	519,219	632,400	1,186,972	1,908,083
Other Income	1,694,489	509,414	3,034,808	1,507,891	4,031,166
	8,137,841	8,160,148	12,499,693	14,677,370	24,771,840
NET REVENUE	**8,799,562**	**12,501,729**	**14,041,656**	**23,273,327**	**35,949,554**
OPERATING EXPENSES					
Depreciation and Ammortization of Intangibles	447,603	478,788	887,863	916,210	1,976,910
IFRS 9 Provisioning	(172,519)	(289,475)	(184,191)	(296,072)	361,576
Administrative and General Expenses	4,758,712	8,248,034	8,924,616	15,808,716	26,231,841
	5,033,796	**8,437,347**	**9,628,288**	**16,428,854**	**28,570,327**
OPERATING PROFIT	**3,765,766**	**4,064,382**	**4,413,368**	**6,844,473**	**7,379,227**
Preference dividend	(840,728)	(6,745,989)	(1,052,702)	(7,196,481)	(8,605,461)
Share of Results of Associates	1,747,455	1,672,821	3,289,402	3,132,699	10,437,606
Gain on Partial Disposal of subsidiary	-	23,970,846	-	23,970,846	24,930,378
	906,727	18,897,678	2,236,700	19,907,064	26,762,523
Profit before income tax	4,672,492	22,962,060	6,650,068	26,751,537	34,141,751
Income tax	(348,851)	(734,162)	(509,695)	(1,082,370)	(1,899,983)
NET PROFIT	**4,323,642**	**22,227,898**	**6,140,373**	**25,669,167**	**32,241,767**
Less income attributable to non-controlling interest	(935,364)	(870,356)	(1,342,843)	(1,876,290)	(2,263,193)
Profit attributable to owners of the company	**3,388,278**	**21,357,542**	**4,797,530**	**23,792,877**	**29,978,574**
EARNINGS PER STOCK UNIT - US cents	0.54	3.42	0.77	3.80	4.79

Un-Audited Consolidated Statement of Comprehensive Income
for the period ended September 30, 2020

	Quarter ended September 2020	Quarter ended September 2019	Period ended September 2020	Period ended September 2019	Audited March 2020
	US$	US$	US$	US$	US$
NET PROFIT	4,323,642	22,227,898	6,140,373	25,669,167	32,241,767
OTHER COMPREHENSIVE INCOME					
Items that are or may be reclassified to profit or loss:					
Unrealised (loss)/Gain on investments securities	8,277,022	1,626,226	17,891,161	4,179,069	(18,363,927)
Foreign exchange translation reserve	4,177,785	(792,444)	2,725,620	(2,476,902)	4,440,738
Total Comprehensive income	**16,778,449**	**23,061,680**	**26,757,154**	**27,371,334**	**18,318,578**

Un-Audited Consolidated Statement of Cash Flows
for the period ended September 30, 2020

	Period ended September 2020	Period ended September 2019	Audited March 2020
	US$	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit attributable to owners of the company	4,797,530	23,792,877	29,979,574
Cumulative transition effect of IFRS 9 Adoption	-	(17,240,866)	(17,240,866)
Foreign Exchange Translation			
Depreciation and Amortization	887,863	916,210	1,976,910
Income Tax Charge	509,695	1,082,370	1,899,982
Operating cashflow before movements in working capital	6,195,088	8,550,591	16,615,601
Changes in operating assets and liabilities			
Receivables	(9,730,787)	(31,229,932)	(11,457,353)
Loans	1,797,846	24,461,067	22,478,246
Client Liabilities	(1,957,330)	32,262,358	33,594,769
Payables	3,523,255	27,328,466	(2,311,605)
Investments	47,781,428	45,383,927	27,789,714
Related company	798,078	7,511,742	485,286
Net cash from operating activities	48,407,578	114,268,219	87,194,658
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investments in associates	(13,639,712)	(8,786,682)	(20,774,292)
Purchase of property ,plant and equipment	(1,268,065)	(1,149,767)	(2,221,102)
Purchase/Disposal of intangible asset	(678,834)	16,475,894	14,773,318
Purchase of Investment Properties	490,048	(2,545,467)	(2,255,864)
Net cash (used in)/ from investing activities	(15,096,563)	3,993,978	(10,477,940)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Notes payable	(4,082,759)	(42,501,526)	(31,047,979)
Minority Interest	1,117,843	(16,561,610)	(16,008,277)
Dividend Paid	(2,560,365)	(3,066,019)	(8,580,249)
Foreign Exchange Translation	2,725,619	(1,659,230)	4,440,738
Net cash used in financing activities	(2,799,662)	(63,788,385)	(51,195,767)
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,511,353	54,473,812	25,520,951
Cash and cash equivalents at beginning of period	94,628,891	69,107,939	69,107,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	125,140,244	123,581,751	94,628,891

Un-Audited Consolidated Statement of Changes in Equity
September 30, 2020

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2020	86,716,754	6,409,719	(14,864,613)	(2,622,262)	29,780,573	105,420,171
Balance at April 1, 2020	86,716,754	6,409,719	(14,864,613)	(2,622,262)	29,780,573	105,420,171
Total Comprehensive (Loss)/Income for the period		1,342,843	17,891,161	2,725,619	4,797,530	26,757,153
Dividends to equity holders		(225,000)			(2,560,366)	(2,785,366)
Balance at September 30, 2020	86,716,754	7,527,562	3,026,548	103,357	32,017,738	129,391,958

Un-Audited Consolidated Statement of Changes in Equity
September 30, 2019

	Share capital	Minority Interest	Investment Revaluation reserve	Foreign exchange translation	Retained earnings	Total
	US$	US$	US$	US$	US$	US$
Balance at April 1, 2019	86,716,754	22,417,996	2,689,000	(7,063,000)	8,382,250	113,143,000
Balance at April 1, 2019 as restated	86,716,754	22,417,996	2,689,001	(7,063,000)	8,382,250	113,143,000
Total Comprehensive (Loss)/Income for the period	-	1,876,290	4,179,069	(2,476,902)	23,792,877	27,371,334
Partial Disposal of Subsidiary	-	- (17,695,153)	(29,991)	817,672	-	- (16,907,472)
Dividends to equity holders	-	(742,748)	-	-	- (3,066,019)	- (3,808,767)
Balance at September 30, 2019	86,716,754	5,856,385	6,838,078	(8,722,230)	29,109,108	119,798,095

NOTES TO FINANCIAL STATEMENTS: SEPTEMBER 2020

1. Identification

Proven Investments Limited ("the Company") is incorporated in Saint Lucia under the International Business Companies Act. The Company is domiciled in Saint Lucia, with registered office at 20 Micoud Street, Castries, Saint Lucia.

The primary activities of the Company are the holding of tradable securities for investment purposes and holding other investments.

Subsidiaries and Associated Companies:

SUBSIDIARIES	Country of Incorporation	Nature of Business	% ownership 2020	% ownership 2019
Boslil Bank Limited	Saint Lucia	Private Banking	75	75
Boslil International Holdings Limited	Saint Lucia	Holding company	100	100
Boslil Bond Fund Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Equity Fund Limited	Saint Lucia	Private mutual fund	100	100
Boslil Secretarial Services	Saint Lucia	Private secretarial services	100	100
Boslil Corporate Services Limited	Saint Lucia	Registered agent services	100	100
Boslil Finance Limited	Saint Lucia	Structured finance services investment management	100	100
Boslil Sudamenco S.A.	Uruguay	Market research translation and business development services	100	100
Access Financial Services Limited	Jamaica	Retail lending	-	49.72
and its wholly owned subsidiary Embassy Loans Inc.	U.S.A.	Retail lending	100	100
Proven Wealth Limited	Jamaica	Fund management, investment advisory services, and money market and equity trading	100	100
International Financial Planning Jamaica Limited (formerly Proven Fund Managers Limited)	Jamaica	Pension fund management	100	100
International Financial Planning (Cayman Limited)	Cayman Islands	Fund management	100	100
Asset Management Company Limited	Jamaica	Hire purchase financing	100	100
Real Properties Limited and its wholly-owned subsidiaries	Saint Lucia	Real estate investment	100	100
Proven Kingsway Limited	Saint Lucia	Real estate investment	100	100
Real Millsborough Limited	Saint Lucia	Real estate investment	100	100
Real Bloomfield Limited	Saint Lucia	Real estate investment	100	100
Real PP Limited	Saint Lucia	Real estate investment	100	100
Real 53 NPW Limited	Saint Lucia	Real estate investment	100	100
Proven Reit Limited	Jamaica	Management services	100	100
Proven Holding Limited	Jamaica	Investment advisory services	100	100
ASSOCIATE COMPANIES				
JMMB Group Limited	Jamaica	Investment advisory, Banking, Market and equity	20	20
Dream Entertainment Limited	Jamaica	Entertainment	20	20
Access Financial Services Limited and its wholly owned subsidiary, Embassy Loans Inc.	Jamaica	Retail lending	24.72	-

2. Statement of compliance and basis of preparation

Interim Financial Reporting

The condensed consolidated interim financial statements for the six months ended September 30, 2020 have been prepared in accordance with IAS 34, 'Interim financial reporting '. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

SIGNIFICANT ACCOUNTING POLICIES

3. Basis of consolidation:

The consolidated financial statements combine the financial position, results of operations and cash flows of the Company and its subsidiaries (note 1), subject to the eliminations described at note 3(b).

3(a). Subsidiaries:

Subsidiaries are all entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable, or exercisable after conversion of convertible instruments, are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3(b). Transactions eliminated on consolidation:

Intra-Group balances and any unrealised gains and losses and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment of the Group's interest.

4. Classification of financial assets:

Fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL are carried at fair value through other comprehensive income. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect, on an investment-by-investment basis, to present subsequent changes in the investment's fair value in OCI.

Investments at fair value through profit or loss:

The Group carries some investment securities at fair value through profit or loss if they are held for trading or designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments, that are not quoted in an active market, and that the Group does not intend to sell immediately or in the near term. Loans and receivables are measured at amortized cost using the effective interest method, except when the Group chooses to designate the loans and receivables at fair value through profit or loss.

5. Resale agreements

The company purchases government and corporate securities and agrees to resell them at a specified date at a specified price. On making payment the company takes delivery of the securities from the vendor although title is not transferred unless the company does not resell the securities on the specified date or other conditions are not honoured. Resale agreements result in credit exposure, in that the counterparty to the transaction may be unable to fulfil its contractual obligations.

6. Interest income:

Interest income is recognised in profit or loss for all interest-earning instruments on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset to its carrying amount. The effective interest rate is established on initial recognition of the financial asset and is not revised subsequently. Interest income includes coupons earned on fixed income investments, accretion of discount on treasury bills and other discounted instruments, and amortisation of premium on instruments bought at a premium.

7. Interest expense:

Interest expense is recognised in profit or loss on the accrual basis using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of the financial liability to its carrying amount. The effective interest rate is established on initial recognition of the financial liability and is not revised subsequently. Interest expense includes coupons paid on fixed rate liabilities and accretion of discount or amortization of premium on instruments issued at other than par.

8. Share capital:

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument. In the case of its preference share capital, it is classified as:

(i) equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary; in such a case, dividends thereon are recognised as distributions within equity.

(ii) liability if it is redeemable on a specific date or at the option of the stockholders, or if dividends are not discretionary; in such a case dividend thereon are recognised as interest in profit or loss.

The Group's preference shares bear contractual entitlements to dividends that are cumulative, and not at the discretion of the directors. Accordingly, they are presented as a financial liability.

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

9. Earnings per Stock Unit

PROVEN Investments Limited's Earning per Stock Unit "EPS" is computed by dividing the profit attributable to stockholders of the parent of US$4,797,530 by the weighted average number of ordinary stock units in issue during the reporting period numbering 625,307,963 shares

APPENDIX 6

LIST OF LOCATIONS FOR LEAD BROKER AND SELLING AGENTS

BROKERS

PROVEN Wealth Limited

Location	Address
Kingston	7 Haining Road, Kingston 5 876.908.3800 info@provenwealth.com www.**provenwealth**.com www.**ipopro**.com
Montego Bay	Unit 11 Suite B Fairview II Shopping Centre Bogue, Montego Bay
Mandeville	Cobblestone Professional Centre Unit 5B, 1 Brumalia Road Mandeville

SELLING AGENTS

Barita Investments Limited
15 St. Lucia Way, Kingston 5
876.926.2681
Email: makingmoney@barita.com
Website: **www.barita.com**

JMMB Securities Limited
6 Haughton Terrace, Kingston 10
876.998.5662
Email: info@jmmb.com
Website: **jm.jmmb.com**

JN Fund Managers Limited
2 Belmont Road, Kingston 5
876.929.2289
Email: info@jnfunds.com
Website: **www.jnfunds.com**

Stocks and Securities Limited (SSL)
33½ Hope Road, Kingston 10
876.929.3400
Email: info@ssltransfer.wpengine.com
Website: **sslinvest.com**

GK Capital Management Limited
58 Hope Road, Kingston 6
876.932.3290
Email: GKCapital@gkco.com
Website: **gk-capital.com**

VM Wealth Management Limited
53 Knutsford Boulevard, Kingston 5
876.960.5000
Email: wealthinfo@myvmgroup.com
Website: **vmwealth.vmbs.com**

Sagicor Investments Limited
85 Hope Road, Kingston 6
876.929.8920
Email: info@sagicorja.com
Website: **www.sagicor.com/en-JM**

Scotia Investments Jamaica Limited
Corner Duke & Port Royal Streets, Kingston
876.932.0367
Email: customercare-jam@scotiabank.com
Website: **jm.scotiabank.com/scotia-investments**

Mayberry Investments Limited
1½ Oxford Road, Kingston 5
876.929.1908
Email: sales@mayberryinv.com
Website: **www.mayberryinv.com**

PROVEN

DERRIMON TRADING CO. LTD

ADDITIONAL PUBLIC OFFER OF ORDINARY SHARES (APO)

PROSPECTUS FACT SHEET

WHAT ARE THE DETAILS OF THE OFFER? (Section 03: Summary of the Invitation)

HOW MANY SHARES WILL BE ISSUED?

Derrimon Trading Company Limited ("Derrimon" or "the Company") is inviting offers for the subscription of up to 1,498,698,931 New Ordinary Shares (with the option to upsize by inviting offers for an additional 301,301,069 New Ordinary Shares).

WHAT ARE THE DIFFERENT INVESTOR POOLS AND THE APPLICABLE PRICES?

	Reserved Share Applicants			
	Existing Shareholders or Derrimon Team Members	Key Investors	Lead Broker's Clients	Non-Reserved Share Applicants
Subscription Price per New Ordinary Share	J$2.20	J$2.40	J$2.40	J$2.40
New Ordinary Shares	484,387,164	378,427,472	151,370,989	484,513,306

POOL	DESCRIPTION	ALLOTTMENT
Derrimon Team Member	A person who is a permanent employee of Derrimon Trading Company Limited and or its subsidiaries as at the Opening Date and who has been advised by the Company that New Ordinary Shares have been reserved for them;	484,387,164
Existing Shareholders	The registered holders of the Existing Ordinary Shares of the Company as at the Opening Date;	
Key Investor	Any of the following persons: (i) the Lead Broker (or its nominee), (ii) large or multi-line clients of the Company who have been customers with the Company for at least three (3) year and who has been advised by the Company that New Ordinary Shares have been reserved for them as a Key Investor; or (iii) institutional investors who has been advised by the Company that New Ordinary Shares have been reserved for them as a Key Investor;	378,427,472
Lead Broker's Clients	A person whether an individual or company or unincorporated entity which maintains an account with the Lead Broker as at the Opening Date of this Invitation;	151,370,989
Non-Reserved Share Applicants	Applicants who are not Reserved Share Applicants;	484,513,306

WHAT ARE THE IMPORTANT DATES RELATING TO THE OFFER?

- Opening date is Wednesday, January 6, 2021 at 9:00 a.m.
- Closing date is Tuesday, January 26, 2021 at 4:30 p.m. (subject to the right of the Company to close the Subscription List at any time if subscriptions have been received for the full amount of the New Ordinary Shares available for subscription and subject also to the right of the Company to extend the closing beyond that date subject to section 48 of the Companies Act, 2004)
- Refunds (if applicable) will be available for collection where originally submitted within 10 (ten) days of the Closing Date (or the extended Closing Date, as the case may be).

HOW DERRIMON INTENDS TO USE THE PROCEEDS FROM THE APO? (Section 08: Use of Proceeds)

Expected Use of Proceeds	J$ Amount
Reduction of Indebtedness Derrimon has grown through the use of debt. A significant amount of the proceeds will be used to reduce existing indebtedness thereby reorganizing the Company's capital structure so that a higher percentage of the Company's cash-flows will translate into benefits of shareholders	1,200,000,000.00
Potential Acquisition of Businesses in the United States Derrimon has a record of successfully acquiring and integrating other businesses. The Company has identified two (2) potential acquisitions in the United States of America, with total revenues of J$5.1 billion. If those potential acquisitions are consummated Derrimon is likely to realise significant synergies from vertical integration of those businesses with its existing business lines.	1,110,000,000.00
Expansion of Retail Location in Clarendon, Jamaica Derrimon has entered into an agreement with Sagicor Life Jamaica for the rental of 42,331 sq ft. of space at the Millenium Mall in Clarendon for 20 years. A portion of the proceeds will be used to build out this new facility.	500,000,000.00
Working Capital Support	284,750,000.00
Transaction Costs	205,250,000.00
Expansion of Delect Brand and Product Line One of Derrimon's strategic initiatives is the development of a wider offering of its flagship Delect brand of products focused primarily on consumables; A small portion of the proceeds will be used to facilitate this.	200,000,000.00
Total	**3,500,000,000.00**

HOW WILL THE APO IMPACT DERRIMON'S CAPITAL STRUCTURE? (Section 09: Share Capital Structure)

If this Invitation is fully subscribed the Issued Ordinary Share Capital will be as follows:

Description	Ordinary Shares	Amount Paid in Capital (J$)
Existing Ordinary Shares	2,733,360,670	140,044,000.00
Non-Reserved New Ordinary Shares	484,513,306	1,162,831,934.40
Reserved Shares	1,014,185,625	2,337,168,067.20
Total	**4,232,059,601**	**3,640,044,001.60**

If the Invitation is upsized, then the Issued Ordinary Share Capital will be as follows:

Description	Ordinary Shares	Amount Paid in Capital (J$)
Existing Ordinary Shares	2,733,360,670	140,044,000.00
Non-Reserved New Ordinary Shares (General Public)	785,814,375	1,885,954,500.00
Reserved Shares	1,014,185,625	2,337,168,067.20
Total	**4,533,360,670**	**4,363,166,567.20**

ABOUT DERRIMON AND WHAT THEY DO (Section 07: Information About the Company)

Derrimon Trading Company Limited was founded in 1998, by its current Chairman and Chief Executive Officer Derrick Cotterell, as a distributor of bulk commodities in the Kingston area. The company operates broadly in three (3) primary segments:

Distribution – The Company distributes fast moving consumer goods (FMCG) including products from prominent brands such as Nestle, Sun Powder, Blue Power, Golden Brand, Busta, Chubby and Kool Kidz.

Retail and Wholesale – The Company operates seven (7) wholly-owned Sampars Cash 'N' Carry Outlets and Supermarkets. The Company also operates the Select Grovers Supermarket under a joint venture arrangement.

Other Operations – The Company manufactures wooden pallets and other by-products of wood such as mulch through its wholly-owned subsidiary Woodcats. Additionally, the company manufactures flavours for the beverage, confectionery, and baking industries as well as fragrances for household, general cleaning and sanitation purposes through its subsidiary CFF.

Known for its dependability and innovative spirit, the Company has expanded exponentially:

In 2002 the Company was appointed one of Nestlé Jamaica Limited's four (4) regional sub-distributors in Jamaica permitting the company to co-distribute Nestlé products in Kingston, St. Andrew, St. Catherine and St. Thomas as well as to utilize the Company's retail operations for direct sales to small shops, restaurants, caterers, amongst others.

In 2009, the Company acquired the business and assets of Sampars Cash 'N' Carry, one of the largest wholesale businesses in Kingston, and established it as a separate trading division of the Company. The acquisition was part of the Company's strategy to grow and diversify its business by entering the retail space as well as cutting costs through vertical integration.

In 2013 the Company introduced the market to its flagship Delect branded consumer items such as rice, canned mackerel, ketchup, vegetable oil, cornmeal and more. The Company also achieved another landmark that year when the Company's ordinary shares were listed on the Junior Market of the Jamaica Stock Exchange (the "Junior Market") under the ticker "DTL".

In 2014, as part of its growth strategy, the Company acquired a 49.02% stake in Caribbean Flavours and Fragrances Limited ("CFF") another company listed on the Junior Market (ticker "CFF"). The company later acquired majority ownership of CFF in 2017 and currently owns 62.02%.

On September 18, 2018 the Company further diversified its revenue stream by acquiring 100.00% of the issued share capital of Woodcats, one of the leading companies involved in the manufacturing of wooden pallets and other by-products of wood such as mulch.

THE LEADERSHIP OF DERRIMON (Section 12: The Board of Directors of the Company and their Interests in the Company)

Board of Directors

Derrick Cotterell	Chairman and Chief Executive Officer
Monique Cotterell	Company Secretary and Group HR Director
Ian Kelly	Chief Financial Officer and Divisional Director for Sampars
Winston Thomas	Non-Executive Director
Earl Anthony Richards, C.D.	Non-Executive Director
Alexander I.E. Williams	Non-Executive Director
Paul Buchanan Jr.	Non-Executive Director

Executive and Senior Management Team

Derrick Cotterell	Chairman and Chief Executive Officer
Monique Cotterell	Company Secretary and Group HR Director
Ian Kelly	Chief Financial Officer and Divisional Director for Sampars
Sheldon Simpson	General Manager (Distribution)
Craig Robinson	General Manager (Sampars and Select Grocers)

DERRIMON'S DIVIDEND POLICY (Section 10: Dividend Policy)

Over the last three years the Company has paid dividends on its Ordinary Shares as follows:

Date of Dividend Declaration	Payment Date	Dividend per Share	Gross Dividend Amount
July 25, 2018	August 17, 2018	J$0.07 pre-stock split	J$ 19.10 million (audited)
November 14, 2019	December 9, 2019	J$0.01	J$ 27.30 million (audited)
October 2, 2020	October 27, 2020	J$0.012	J$ 32.80 million (estimated)

The Company pays a preferential dividend quarterly in arrears on the final Business Day of March, June, September, and December.

Proposed Dividend Policy

The Directors expect the Company's short and medium-term investments and strategic plans to result in growth of its profits and distributable reserves. In the near future the Directors anticipate adopting a formal dividend policy to pay a semi-annual dividend of at least 30.00% of the annual distributable reserves.

The statement of proposed Dividend Policy should not be construed as a dividend forecast or a guarantee.

DERRIMON'S FINANCIAL PERFORMANCE (Section 13: Presentation of Current and Historical Financial Information)

Derrimon Trading Company Limited's 5-Year Historical Income Statement Summary

Income Statement	31-Dec-15 J$'000	31-Dec-16 J$'000	31-Dec-17 J$'000	31-Dec-18 J$'000	31-Dec-19 J$'000
Trading Income	**6,293,998**	**6,176,928**	**6,723,810**	**9,303,460**	**12,649,017**
Less Cost of Sales	(5,460,667)	(5,242,449)	(5,388,010)	(7,612,427)	(10,370,183)
Gross Profit	**833,331**	**934,479**	**1,335,800**	**1,691,033**	**2,278,834**
Other Income	7,562	18,679	257,128	66,248	37,767
	840,893	953,158	1,592,928	1,757,281	2,316,601
Less Operating Expense:					
Administrative	(538,262)	(561,460)	(1,005,566)	(1,069,495)	(1,279,414)
Selling & Distribution	(164,025)	(177,952)	(135,665)	(233,718)	(408,265)
	(702,286)	(739,412)	(1,141,231)	(1,303,213)	(1,687,679)
Operating profit before finance costs	**138,607**	**213,745.8**	**451,697**	**454,068**	**628,922**
Finance Income	659	795	-	-	15,408
Finance Costs	(87,084)	(136,621)	(169,901)	(172,223)	(298,604)
Share of Profit of Associated Company	35,950	38,187	-	-	-
Profit before Taxation	**88,130**	**116,107**	**281,796**	**281,845**	**345,726**
Taxation	-	-	-	(4,632)	(43,018)
Net Profit	**88,130**	**116,107**	**281,796**	**277,213**	**302,708**
Net Profit Attributable to Shareholders	**88,130**	**116,107**	**252,369**	**249,120**	**209,708**

Derrimon Trading Company Limited's 5-Year Historical Balance Sheet Summary

Balance Sheet	31-Dec-15 J$'000	31-Dec-16 J$'000	31-Dec-17 J$'000	31-Dec-18 J$'000	31-Dec-19 J$'000
Non-Current Assets	336,370	385,954	676,750	1,035,480	1,961,196
Current Assets	1,190,290	1,878,053	2,210,469	3,012,615	3,821,488
TOTAL ASSETS	**1,526,660**	**2,264,007**	**2,887,219**	**4,048,095**	**5,782,684**
Non-Current Liability	491,912	615,593	754,317	865,738	2,735,489
Current Liabilities	586,386	1,083,946	1,097,727	1,964,121	1,713,683
TOTAL LIABILITIES	**1,078,298**	**1,699,539**	**1,852,044**	**2,829,859**	**4,449,172**
TOTAL SHAREHOLDERS' EQUITY	**448,362**	**564,468**	**864,068**	**1,055,639**	**1,170,130**

Key Ratios

Select Financial Ratios	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Profitability					
Return on Assets	5.77%	5.13%	9.76%	6.85%	5.23%
Return on Equity	19.66%	20.57%	32.61%	26.26%	25.87%
Margin Analysis					
Gross Profit Margin	13.24%	15.13%	19.87%	18.18%	18.02%
EBITDA Margin	2.60%	3.84%	7.49%	3.84%	6.27%
Net Profit Margin	1.40%	1.88%	4.19%	1.88%	2.39%
Liquidity					
Current Ratio	2.03	1.73	2.01	1.53	2.23
Quick Ratio	1.03	0.90	1.29	0.88	1.07
Cash Ratio	0.14	0.15	0.24	0.20	0.30
Solvency					
Debt to Equity	1.15	1.64	1.21	1.58	2.04
Debt to Capital	0.54	0.62	0.55	0.61	0.67
Debt to EBITDA	3.16	3.91	2.07	3.10	3.01
EBITDA/Interest	1.88	1.74	2.96	3.12	2.65
EBITDA/(Interest+ST Debt)	1.45	0.53	1.10	0.55	1.83
EBITDA-CapEx/ (Interest+ ST Debt)	1.06	0.43	0.52	0.39	0.70
YoY Growth of Key Variables					
Revenue		-1.86%	8.85%	38.37%	35.96%
Operating Profit		54.21%	111.32%	0.52%	38.51%
Net Profit		31.74%	142.70%	-1.63%	9.20%

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2020, DERRIMON RECORDED THE FOLLOWING FINANCIAL PERFORMANCE (Section 14: Management Discussion and Analysis)

- **Revenue** increased year over year by 0.92% to J$9.62 billion, during a period when the Jamaican economy contracted due to the COVID-19 pandemic and the overall reduction of business activity across the country.

- **Gross Profit** over the period grew by 10.95% versus the prior year, increasing from approximately J$1.66 billion to J$1.84 billion as a result of a focus on higher yielding products as well as reduced costs through improvements in procurement and logistics. **Gross Profit Margin** also increased from 17.41% for the nine months ended September 30, 2019 to 19.14% for the comparable nine-month period in 2020.

- **Operating Profit** improved year over year by 11.58%, increasing from approximately J$413.65 million to J$461.53 million.

- **Finance Costs** decreased by J$13.34 million or 8.37% following the re-negotiating of interest costs, realignment of debt from short term to long term amortized facilities, and the refinancing of US Dollar loans to Jamaican Dollar loans.

- **Profit Before Taxation**, bolstered by the decreased finance cost, increased 24.08% to J$315.59 million

- Ultimately **Net Profit** and **Net Profit Attributable to Shareholders** for the nine-month period grew year over year by 26.93% from J$221.12 million to J$280.66 million, and 27.05% from J$203.55 million to J$258.60 million respectively.

- **Q3 (July – September)** demonstrated the true benefits of the company's cost management in which net earnings attributable to shareholders improved by 55.34% YoY. This quarter provides some insight into Derrimon's future performance, which should be less impeded by the pandemic as the nation steadily continues to coexist with the COVID-19 virus.

Assets	9M 2019 J$ '000	9M 2020 J$ '000	9M FY 2020 vs 9M FY 2019
Liquid Assets	2,163,718	2,015,394	-6.86%
Total Assets	4,519,803	5,719,566	26.54%
Funding	**9M 2019 J$ '000**	**9M 2020 J$ '000**	**9M FY 2020 vs 9M FY 2019**
Equity	1,439,358	1,593,922	10.74%
Debt	2,276,972	3,208,640	40.92%

DERRIMON
TRADING CO. LTD

Additional Public Offer
Ordinary Shares (APO)

PROSPECTUS

A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to sub-section 40(2) of the Companies Act, 2004 and was so registered on December 14, 2020. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purpose of registration of the Company as an issuer pursuant to section 26 of the Securities Act, and the Company was so registered on December 14, 2020. The FSC has neither approved this Prospectus nor passed upon the accuracy or adequacy of this Prospectus.

This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the Shares.

No person is authorized to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained herein.

DERRIMON TRADING CO. LTD

ADDITIONAL PUBLIC OFFER BY

DERRIMON TRADING COMPANY LIMITED

For subscription of up to

1,498,698,931 New Ordinary Shares (with the option to upsize by inviting offers for an additional **301,301,069** New Ordinary Shares):

484,513,306 New Ordinary Shares Non-Reserved Shares (General Public)
1,014,185,625 New Ordinary Shares Reserved Shares as follows:

Existing Shareholders or Derrimon Team Members – **484,387,164** New Ordinary Shares
Key Investors – **378,427,472** New Ordinary Shares
Lead Broker's Clients – **151,370,989** New Ordinary Shares

at a subscription price of

Existing Shareholders or Derrimon Team Members	Key Investors, Lead Broker's Clients and Non-Reserved Share Applicants (General Public)
J$2.20	**J$2.40**

Payable in full on application

Derrimon Trading Company Limited • 235 Marcus Garvey Drive, Kingston 11, Jamaica, W.I.
Telephone: (876) 937-4897-8 • Facsimile: (876) 937-0754 • Email: info@derrimon.com

An Application Form for use by the General Public in respect of the New Ordinary Shares which are the subject of this invitation is provided at the end of this Prospectus at Appendix 1, together with notes on how to complete it. The Subscription List for the Shares will open at 9:00 a.m. on January 6, 2021 and will close at 4:30 p.m. on January 26, 2021 subject to the right of the Company to close the Subscription List at any time if subscriptions have been received for the full amount of the New Ordinary Shares available for subscription and subject also to the right of the Company to extend the closing beyond that date subject to section 48 of the Companies Act, 2004. In the event of an early closing or an extension of the closing, notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com).

TABLE OF CONTENTS

Disclaimers and Advisory on Forward-Looking Statements

01

1.1 The Invitation is made to Jamaican Residents in Jamaica

1.1.1 This Prospectus is intended for use in Jamaica only and is not to be construed as an invitation to any person outside Jamaica to subscribe or apply for any of the New Ordinary Shares. The distribution or publication of this Prospectus and the offering of New Ordinary Shares in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this Prospectus may come are required to inform themselves about, and to observe, such restrictions.

1.1.2 The New Ordinary Shares have not been nor will they be registered or qualified under the United States Securities Act, 1933, as amended, (the "1933 Act") or any applicable Blue Sky law or other security law of any State or political sub-division of the United States of America. The New Ordinary Shares may not be offered, sold, transferred, or delivered, directly or indirectly in the United States of America, its territories or possessions or any area subject to the jurisdiction of the United States or in any other country in which an invitation to subscribe for the New Ordinary Shares or the offering of the New Ordinary Shares is not permitted by applicable law.

1.2 Responsibility for Contents of this Prospectus

1.2.1 The Directors of **Derrimon Trading Company Limited**, whose names appear in Section 19 of this Prospectus, are the persons responsible for the information contained herein. To the best of the knowledge and belief of such Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to materially affect the import of such information. Each of such persons accepts responsibility accordingly.

1.2.2 No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

1.3 Contents of this Prospectus

1.3.1 This Prospectus contains important information for prospective investors in the New Ordinary Shares. All prospective investors should read the Prospectus carefully in its entirety before submitting an Application Form.

1.3.2 If you are in doubt about the contents of this Prospectus, you should consult your stockbroker, securities dealer, investment advisor, bank manager, attorney-at-law, professional accountant or other professional advisor.

1.3.3 This Prospectus contains summaries of certain documents which the Board of Directors of the Company believe are accurate. Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available for inspection as described in Section 18. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

1.3.4 The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus.

1.3.5 Neither the Financial Services Commission, nor the Registrar of Companies or any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

1.4 Application to Subscribe for New Ordinary Shares

1.4.1 This Prospectus is not a recommendation by the Company or its Professional Advisors that prospective investors should submit Application Forms to subscribe for the New Ordinary Shares. Prospective investors are expected to make their own assessment of the Company, and the merits and risks of subscribing for and owning the New Ordinary Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for and owning the

New Ordinary Shares, including but not limited to any tax implications.

1.4.2 Each Applicant who submits an Application Form acknowledges and agrees that:

(i) he/she/it has been afforded a meaningful opportunity to review the Prospectus (including in particular the terms and conditions in Sub-Section 6.4), and to gather and review all additional information considered by him/her/it to be necessary to verify the accuracy of the information contained in this Prospectus;

(ii) he/she/it has not relied on the Company or any other person in connection with his/her/its investigation of the accuracy of such information or his/her/its investment decision; and

(iii) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her/its Application Form.

1.5 Advisory on Forward-Looking Statements

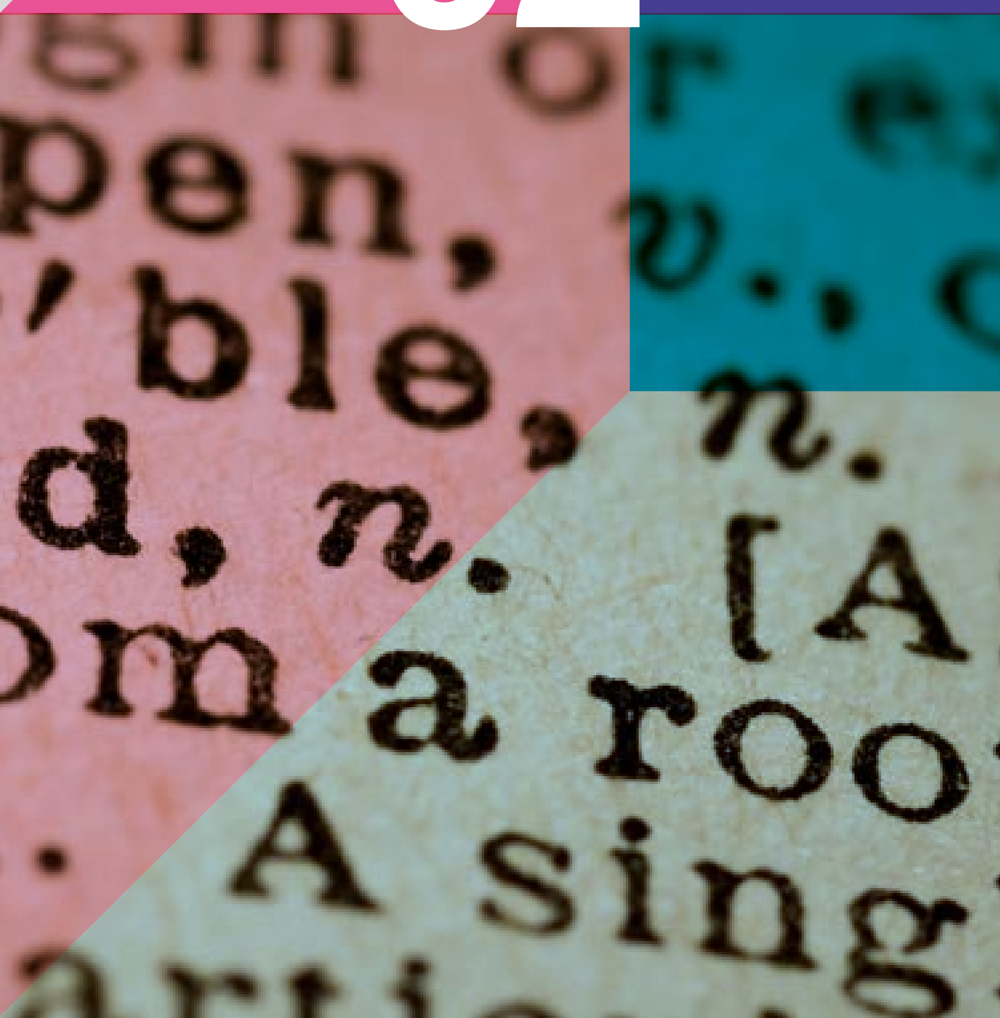
1.5.1 This Prospectus contains forward-looking statements. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made and include without limitation the discussions of future plans and financial projections. Although the Company believes that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

1.5.2 Forward-looking statements may be identified by accompanying language such as "*expects*", "*intends*", "*anticipates*", "*estimates*" and other cognate or analogous expressions or by qualifying language or assumptions. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the Risk Factors set out in Section 15 as well as the following:

- general economic and business conditions prevailing both locally and internationally including: actual rates of growth of the Jamaican and regional economies, interest rates or exchange rate volatility;
- competition in the markets in which the Derrimon Group operates;
- changes in the political, social and economic conditions impacting market conditions in general and the Derrimon Group in particular;
- adverse climatic events and natural disasters;
- unfavourable market receptiveness to new products;
- changes in any legislation or policy adversely affecting the revenues or expenses of the Derrimon Group;
- any other factor negatively impacting on the realisation of the assumptions on which the Derrimon Group's financial projections are based; and
- other factors identified in this Prospectus.

1.5.3 Neither the Financial Services Commission, nor the Registrar of Companies or any other Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

02 Definitions



02 DEFINITIONS

The following definitions apply throughout this Prospectus unless the context otherwise requires:

WORD OR PHRASE	DEFINITION
2021 Preference Shares	Fixed and floating rate cumulative redeemable preference shares due 2021 in the capital of the Company;
Act	The Companies Act, 2004;
Allotment	The allocation and issuance of New Ordinary Shares to successful Applicants;
Applicant	A person (being an individual or corporate body) whether a Reserved Share Applicant or a member of the General Public, who submits an Application;
Application	A duly completed application for New Ordinary Shares made by an Applicant(s) in (i) the required Application Form, the same to be duly signed/executed by the Applicant(s) and submitted to any of the locations listed at Appendix 4 of this Prospectus or (ii) completing an electronic application using Barita BOSS, the Lead Broker's online application portal, which can be accessed by logging on to www.baritaboss.com, along with payment of the Price using an Approved Payment Method, with respect to the New Ordinary Shares, the subject of the Application;
Application Form or Subscription Form	The form of application to be used by all Applicants who wish to subscribe for New Ordinary Shares in the Invitation, as set out in Appendix 1 which shall also be available for download at www.barita.com or www.jamstockex.com;
Application List	The application list in respect of the Invitation;
Approved Payment Method	Any of the methods of payment described in Sub-Section 6.4.6 of this Prospectus required to be used by Applicants in effecting payment of the Price;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Arranger	Barita Investments Limited;
Articles	The amended Articles of Incorporation of the Company filed with the Companies Office of Jamaica on June 4, 2018;
Auditor	McKenley & Associates;
Auditor's Report	The report of McKenley & Associates set out in pages 90 to 170 in Appendix 2 hereto;
Barita	Barita Investments Limited;
The Board of Directors of the Company	The Board of Directors of the Company whose signatures appear in Section 19;
Business Day	Any day (other than a Saturday, Sunday or public general holiday) on which banks are open for business in the Corporate Area of Kingston and Saint Andrew in Jamaica;
CFF	Caribbean Flavours and Fragrances Limited, a company incorporated under the laws of Jamaica with its registered office located at 226 Spanish Town Road, Kingston 11, Jamaica;
Closing Date	The date on which the Subscription List in respect of this Invitation closes, being 4:30 p.m. on January 26, 2021, subject to the right of the Company to shorten or extend the subscription period in the circumstances set out in this Prospectus;
the Company or Derrimon	Derrimon Trading Company Limited, a company incorporated under the laws of Jamaica with its registered office located at 235 Marcus Garvey Drive, Kingston 11, Jamaica;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
The Companies Act	The Companies Act of Jamaica, as amended from time to time;
Derrimon Group	Collectively the Company, CFF and Woodcats;
Derrimon Team Member	A person who is a permanent employee of Derrimon Trading Company Limited and or its subsidiaries as at the Opening Date and who has been advised by the Company that New Ordinary Shares have been reserved for them;
Directors or Board	The Board of Directors of the Company including a duly authorized committee thereof;
Dollars or J$	Jamaican Dollars;
Existing Ordinary Shares	The 2,733,360,670 ordinary shares in the capital of the Company in issue as at the date of this Prospectus and which are listed on the JSE;
Existing Shareholders	The registered holders of the Existing Ordinary Shares of the Company as at the Opening Date;
Existing Shareholders or Derrimon Team Members Reserved Shares	484,387,164 New Ordinary Shares initially reserved for applications from Existing Shareholders or Derrimon Team Members;
FSC	The Financial Services Commission of Jamaica;
Government	The Government of Jamaica;
General Public	Non-Reserved Share Applicants;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Invitation	This invitation to the public to subscribe for New Ordinary Shares in the capital of the Company on the terms and conditions set out in this Prospectus;
Invitation Price or Price	J$ 2.20 for Existing Shareholders or Derrimon Team Members; J$ 2.40 for Key Investors, Lead Broker's Clients, and Non-Reserved Applicants (General Public);
JCSD	The Jamaica Central Securities Depository;
JSE or the Exchange	The Jamaica Stock Exchange;
JSE Website	The website of the Jamaica Stock Exchange at www.jamstockex.com;
Junior Market Rules	The rules made by the JSE from time to time to govern the Junior Market;
Junior Market	The Junior Market of the JSE;
Key Investors	Any of the following persons: (i) the Lead Broker (or its nominee), (ii) large or multi-line clients of the Company who have been customers with the Company for at least three (3) years and who have been advised by the Company that New Ordinary Shares have been reserved for them as a Key Investor; or (iii) institutional investors who have been advised by the Company that New Ordinary Shares have been reserved for them as a Key Investor;
Key Investors' Reserved Shares	378,427,472 New Ordinary Shares initially reserved for applications from Key Investors;
Last Audited Accounts	The Audited Accounts of the Company for the year ending December 31, 2019 posted on the JSE Website;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Lead Broker	Barita Investments Limited, who will act on behalf of Derrimon Trading Company Limited in the execution of the Invitation;
Lead Broker's Clients	A person whether an individual or company or unincorporated entity which maintains an account with the Lead Broker as at the Opening Date of this Invitation;
Lead Broker's Clients Reserved Shares	151,370,989 New Ordinary Shares initially reserved for applications from Lead Broker's Clients;
List	The Subscription List applicable to this Invitation;
Opening Date	The date on which the Subscription List in respect of this Invitation opens, being 9:00 a.m. on January 6, 2021;
Ordinary Shareholders	Holders of the Ordinary Shares and includes ordinary stockholders and *vice versa;*
Ordinary Shares	No par value ordinary shares in the capital of the Company and includes stock units and *vice versa;*
Option to Upsize	The right of the Company to make available for subscription an additional 301,301,069 in New Ordinary Shares at the Invitation Price in the event of excess demand;
New Ordinary Shares	Up to 1,498,698,931 New Ordinary Shares of no par value in the capital of the Company available for subscription in the Invitation, which upon issue will rank pari passu in all respects with the Company's Existing Ordinary Shares;
Non-Reserved Shares	The total number of New Ordinary Shares available for subscription in this Invitation, less the Reserved Shares;

02 DEFINITIONS

WORD OR PHRASE	DEFINITION
Non-Reserved Share Applicant (General Public)	Applicants who are not Reserved Share Applicants;
Non-Reserved Share Pool	484,513,306 New Ordinary Shares in the Invitation which are for subscription by Non-Reserved Share Applicants (General Public);
Registrar	the Jamaican Central Securities Depository Limited;
Reserved Share Pool	Up to 1,014,185,625 New Ordinary Shares in the Invitation which are specifically reserved for Applications from, and subscription by the Reserved Share Applicants as follows: (a) Existing Shareholders or Derrimon Team Members – 484,387,164 New Ordinary Shares; (b) Key Investors – 378,427,472 New Ordinary Shares; and (c) Lead Broker's Clients – 151,370,989 New Ordinary Shares;
Reserved Share Applicants	Applicants who are Existing Shareholders, Derrimon Team Members, Key Investors, or Lead Broker's Clients;
Selling Agents	A stockbroker approved by the Lead Broker to assist with the implementation of the Invitation;
Subscriber	Subscribers in this Invitation;
Underwriter	Barita Investments Limited; and
Woodcats	Woodcats International Limited a company incorporated under the laws of Jamaica with its registered office located at 27 Slipe Pen Road, Kingston 5, Jamaica.

In this Prospectus, the singular includes the plural and *vice versa*, and references to one gender include all other genders. References to "person" include any individual, company or other corporate body or any firm or partnership.

03

Summary of The Invitation

03 SUMMARY OF INVITATION

WORD OR PHRASE	INFORMATION
Issuer:	Derrimon Trading Company Limited
Invitation:	Up to 1,498,698,931 in New Ordinary Shares
Reserved Shares	1,014,185,625 New Ordinary Shares
Reserved Share Pools	<table><tr><th>Reserved Share Pool</th><th>New Ordinary Shares Available For Subscription</th><th>Price per New Ordinary Share</th></tr><tr><td>Existing Shareholders or Derrimon Team Member Reserved Shares</td><td>484,387,164</td><td>J$2.20</td></tr><tr><td>Key Investors Reserved Shares</td><td>378,427,472</td><td>J$2.40</td></tr><tr><td>Lead Broker's Clients Reserved Shares</td><td>151,370,989</td><td>J$2.40</td></tr></table>
Non-Reserved Shares (General Public):	484,513,306 New Ordinary Shares at J$2.40 per New Ordinary Share
Option Upsize:	301,301,069 New Ordinary Shares
Timetable of Key Dates:	Registration of Prospectus with Registrar of Companies: December 14, 2020 Registration of Prospectus with Financial Services Commission: December 14, 2020 Publication of Prospectus: December 14, 2020 Opening Date: 9:00 a.m. on January 6, 2021 Closing Date*: 4:30 p.m. on January 26, 2021, subject to early closing once fully subscribed
Application Form:	See Appendix 1 of this Prospectus
Application Procedure and Terms and Conditions of the Invitation for Subscription:	See Sub-Section 6.4 of this Prospectus

03 SUMMARY OF INVITATION

WORD OR PHRASE	INFORMATION
Approved Payment Methods:	Any of the following: 1. Manager's cheque payable to the Applicant's stockbroker, Barita Investments Limited and/or any of the approved Selling Agents for amounts less than J$1,000,000.00; 2. Cleared funds held in an equity/investment account in the Applicant's name at Barita supported by an authorization from the Applicant instructing Barita to transfer the payment to their Barita JCSD account; 3. Transfer from the Applicant's account held with the Applicant's stockbroker; 4. Transfer in the Real Time Gross Settlement (RTGS) system to the Applicant's stockbroker; or 5. Transfer via the Automated Clearing House (ACH) to the Applicant's stockbroker. *Note that: A penalty of J$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00.*
Basis of Allotment:	New Ordinary Shares shall be allocated on a "first come first served basis".
Confirmation of Share Allotments:	All Applicants may refer to the confirmation instructions that will be posted on the website of the JSE (www.jamstockex.com) after the Closing Date.
Returned Applications/ Refunds:	Available for collection where originally submitted within ten (10) days of the Closing Date (or the extended Closing Date, as the case may be).
Final Allotment and Admission of trading on JSE:	Within twenty-one days (21) of the Closing Date, subject to the New Ordinary Shares being admitted for listing by the Board of the JSE on the JSE.

03 SUMMARY OF INVITATION

*The Subscription List will close at 4:30 p.m. on the Closing Date of January 26, 2021, subject to the right of the Company to: (i) close the Subscription List at any time after 9:00 a.m. on the Opening Date of January 6, 2021 once the issue is fully sold and subscribed; and/or (ii) extend the Closing Date, subject to the provisions of section 48 of the Act. In either case, notice will be posted on the website of the JSE (www.jamstockex.com).

**It is the intention of the Company to apply to the JSE for admission of the New Ordinary Shares to trade on the Junior Market. The application for admission is dependent on the Company's ability to (i) raise at least J$3,500,000,000.00 as a result of the Invitation made in the Prospectus and (ii) meet the criteria for admission set out in the JSE Rules. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to trade on the JSE.

It is anticipated that the New Ordinary Shares will be converted to stock units and listed within twenty-one (21) days after the close of the Application List. However, the foregoing statement regarding the Company's intention to list its stock units on the JSE is not to be construed as a guarantee that the New Ordinary Shares will be listed or that the New Ordinary Shares will be so listed within the time stated. If the New Ordinary Shares are listed, dealings will commence immediately after such listing. If the New Ordinary Shares are not so listed, then any provisional allotment of New Ordinary Shares made by the Company will be revoked and the Company will not proceed with the unconditional allotment of New Ordinary Shares pursuant to this Prospectus. In such case, all monies received from subscribers in response to this Prospectus would be refunded, without interest, within ten (10) working days after the Jamaica Stock Exchange has notified the Company of its decision to decline the listing application.

If this Invitation is successful as well as its application for admission for trading of the New Ordinary Shares to the JSE, the Company's subscribed participating voting capital will exceed the maximum of J$500,000,000.00 set by the Junior Market Rules. The Company has written to the JSE indicating its intention to seek the JSE's consent to remain listed on the Junior Market whilst paying the fees applicable to a Main Market company. The JSE has indicated by a letter dated December 2, 2020 that it has no objection to the Company's request. The aforementioned letter from the JSE is among the documents available for inspection.

Professional Advisors for the Invitation

04

LEGAL ADVISORS

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6

Tel: 876-920-4000
Fax: 876-920-0244

Primary Contact
Mr. Dane Patterson
Email: dpatterson@pmhlaw.net

REGISTRAR

Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

Tel: 876-967-3271
Fax: 876-924-9090

Primary Contacts
Ms. Kadyll McNaught-Hermitt
Ms. Tamieka Ricketts
Email: kadyll.mcnaught-hermitt@jamstockex.com
tamieka.ricketts@jamstockex.com

ARRANGER & LEAD BROKER

Barita Investments Limited
15 St. Lucia Way
Kingston 5

Tel: 876-926-2681
Fax: 876-929-8432

Primary Contact
Ms. Terise Kettle
Email: t.kettle@barita.com

AUDITOR

McKenley & Associates
Unit 11 Seymour Park
2 Seymour Park
Kingston 6

Tel: 876-978-9789

Primary Contact
Mr.Wilfred McKenley
Email: wilfred.mckenley@wmckenley.com

SELLING AGENTS

Barita Investments Limited
Proven Wealth Limited
Scotia Investments (Jamaica) Limited
Jamaica Money Market Brokers Limited
JN Fund Managers Limited
Sagicor Investments Jamaica Limited

05

Letter to Prospective Investors

December 14, 2020

Dear Prospective Investor,

THE COVID-19 PANDEMIC

The COVID-19 pandemic has made 2020 a difficult year for many individuals, families and businesses in Jamaica and across the globe. Derrimon extends its deepest sympathies to all who have been negatively affected by the virus.

Upon recognizing the potential impact of COVID-19 Derrimon implemented its disaster planning contingency to mitigate as best as possible the challenges arising due to the COVID-19 pandemic and the necessary measures implemented by authorities to limit its spread.

Many of the sectors in which Derrimon operates are essential for day to day life, although that may make our business more resilient in times of stress, it also means that some of our team members were required to attend to our retail locations and outlets and managed our distribution centres. I wish to extend gratitude to all team members of the Derrimon Group who have continued to operate effectively throughout the COVID-19 pandemic.

EXISTING SHAREHOLDERS

For the six month period commencing May 19, 2020 and ending November 19, 2020 the Derrimon stock price has increased by 23.76% moving from J$2.02 to J$2.50. We have also paid a dividend on October 27, 2020 of J$0.012 per share which represents an increase of approximately 20.10% from the prior year's dividend.

Although this Invitation is being made to the General Public and not by way of a rights issue, we have made the deliberate decision to reserve a significant portion of the New Ordinary Shares being offered to our Existing Shareholders at a discounted price.

As at the date of this Prospectus, the Board of Derrimon owns more than 60.00% of the issued share capital of the Company. If fully subscribed, that percentage will decrease, that however is not a signal of lack of confidence, in fact based on the use of proceeds particularly to fund growth by acquisition and also to repay debt, we believe that this Invitation if fully subscribed is likely to increase the economic value of Derrimon's shares.

REPAYMENT OF INDEBTEDNESS

Derrimon has grown through the use of debt. A significant amount of the proceeds will be used to reduce existing indebtedness and therefore reorganizing the Company's capital structure so that a higher percentage of the Company's cash-flows will translate into benefits for shareholders.

OPPORTUNITIES FOR GROWTH

Derrimon through its Sampars platform has been a significant player in facilitating online purchases of groceries. The COVID-19 pandemic has accelerated the adoption of digitization by local consumers. We expect that a significant percentage of consumers are likely to turn to digital mediums to purchase their essentials. Derrimon is well prepared to take advantage of this secular growth.

In addition to organic growth, Derrimon has a long history of successfully acquiring and integrating other businesses. Sampars Cash 'N' Carry was acquired by Derrimon in 2009. Derrimon's most recent acquisition was Woodcats International Limited which was completed in 2018.

The COVID-19 pandemic has caused prices of many assets to contract. Derrimon is presently evaluating two (2) potential acquisitions in the United States of America. If these potential acquisitions are consummated Derrimon is likely to realise significant synergies from vertical integration of those businesses with its existing business lines. Although there is no guarantee that these two (2) transactions will in fact be completed, we are reasonably confident of completing a transaction(s) in the same industry within the next six (6) months.

HOW TO SUBSCRIBE FOR NEW ORDINARY SHARES

We hope that existing and prospective investors will join the Company in this exciting new phase of its development. Those investors who are interested in subscribing for New Ordinary Shares should read the Prospectus in its entirety and the full terms and conditions of the Invitation set out in Section 6, and then complete the Application Form set out in Appendix 1 or apply online through Barita BOSS at www.baritaboss.com.

Yours sincerely,
For and on behalf of the Company

/s/ Derrick Cotterell
Chairman and Chief Executive Officer

The Invitation

06

6.1 General Information

6.1.1 The Company invites the General Public to subscribe for up to 1,498,698,931 New Ordinary Shares in the capital of the Company, subject to the terms and conditions of this Prospectus. The New Ordinary Shares will, upon issue rank pari passu in all respects with the Company's issued and fully paid Ordinary Shares.

(a) Issued and fully paid shares at the date of this Prospectus:

Ordinary Shares	2,733,360,670
Preference Shares	175,000,000
TOTAL	**2,908,360,670**

(b) Total Issued and fully paid Ordinary Shares in the event that the Invitation is fully subscribed:

Total before subscription of shares in the Invitation	2,733,360,670
Non-Reserved Shares (General Public)	484,513,306
Reserved Shares	1,014,185,625
Total after subscription of shares in the Invitation[1]	**4,232,059,601**

6.1.2 All the Non-Reserved Shares (General Public) are priced at the Invitation Price of $2.40 per New Ordinary Share payable in full on Application. Each New Ordinary Share forming the Reserved Shares Pool are priced as follows: (i) Existing Shareholders or Derrimon Team Member Reserved Shares at J$2.20; (ii) Key Investors Reserved Shares, Lead Broker's Clients Reserved Shares at J$2.40; and (iii) Non-Reserved Shares (General Public) are priced at J$2.40.

6.1.3 Reserved Share Applicants are the **persons (referred to herein) who are entitled to subscribe for Reserved Shares.** The Invitation will be with respect to up to 1,498,698,931 New Ordinary Shares, but the Directors reserve the right to elect to upsize the number of New Ordinary Shares made available for subscription by no more than 301,301,069 additional New Ordinary Shares in the event that the Invitation is oversubscribed.

1 See Sub-Section 6.2 for information on the Option to Upsize.

6.1.4 The Reserved Shares are initially reserved for priority application from and subscription by Reserved Share Applicants at the abovementioned prices.

6.1.5 If any of the Reserved Shares comprising any of the reserved pools are not fully subscribed for by the Reserved Share Applicants comprised within the respective pools (hereinbefore described), such Reserved Shares will be allocated, and made available, to the Non-Reserved Share Pool and form part of the New Ordinary Shares available for allotment to Non-Reserved Share Applicants (General Public) at the Price applicable to the Non-Reserved Share Applicants (General Public).

6.2 Option to Upsize

6.2.1 If the Invitation for New Ordinary Shares is oversubscribed, the Company may take any or a combination of the following actions:

1. Elect at any time prior to the closing of the Invitation or on the Closing Date, to upsize by making up to 301,301,069 additional New Ordinary Shares available for subscription by Applicants, bringing the maximum size of the Invitation to 1,800,000,000 New Ordinary Shares. In the event that the Company exercises its option under this paragraph, it shall make reference thereto in any announcement it issues, for the purposes of the closing of the Invitation and the publication of the basis of allotment following the Closing Date. This is not a guarantee that the Company will exercise the option to upsize.

2. Allot the New Ordinary Shares on a first come, first served basis, however, if the Invitation is oversubscribed, the Company reserves the right to allot the New Ordinary Shares to Applicants on a basis to be determined by it, in its sole discretion, including on a pro rata basis. In this case, Applicants may be allotted fewer New Ordinary Shares than they applied for.

6.3 Timing

6.3.1 The Subscription List will open at 9.00 a.m. on January 6, 2021 (the "Opening Date") and will close on January 26, 2021 at 4.30 p.m. or such other date as may be fixed by the Board, (the "Closing Date"), subject to the Company's right to close the Subscription List at any time without notice, if Applications have been received for the full amount of the New Ordinary Shares the subject of the Invitation. Applications are due within the period commencing on the Opening Date and ending on the Closing Date.

6.3.2 The Invitation will close at 4:30 p.m. on the Closing Date subject to the right of the Company to: (a) close the Invitation at any time after it opens at 9:00 a.m. on the Opening Date once the Invitation is fully subscribed; or (b) extend the period during which the Invitation will remain open for any reason, subject to satisfying any applicable restrictions in the Companies Act, 2004. In the case of the extension of such period or an early closing, notice will be posted on the website of the JSE at www.jamstockex.com.

6.3.3 Subject to the provisions in this Prospectus, the Company reserves the right to extend the period during which the Invitation will remain open. Allocations may be made at the Company's sole discretion, six (6) days after the Invitation is closed, and an announcement will be made informing of the allocation of New Ordinary Shares to successful Applicants.

6.4 Application Procedures and Terms and Conditions of Invitation

6.4.1 Applications must be made either: (i) using the original of the Application Form set out at Appendix 1 of this Prospectus, which is available for download from the websites of the JSE at www.jamstockex.com or the Lead Broker at www.barita.com; or (ii) by way of Barita BOSS, the Lead Broker's online application portal, which can be accessed at www.baritaboss.com

6.4.2 If you apply via Barita BOSS, you must follow the instructions set out in Appendix 1. If you choose to apply using a paper Application Form, your duly completed and signed Application Form along with the required supporting documents (set out below) must be delivered to the locations specified at Appendix 4 of this Prospectus on or before 4:30 p.m. on the Closing Date. Your Application will be deemed incomplete if the required supporting documents are not included.

6.4.3 Each paper Application Form must be accompanied by:

1. For all individual Applicants a copy of: (i) valid identification (Driver's Licence, Passport or National Identification (ID); and (ii) in the case of Reserved Share Applicants a relevant ID (if applicable), or such other relevant information as may be required to confirm eligibility as a Reserved Share Applicant;

2. Copy of Taxpayer Registration Number card for all Applicants resident in Jamaica; and

3. Evidence of payment for the full amount of the Invitation Price payable for the New Ordinary Shares applied for, using an Approved Payment Method, along with a JCSD processing fee of J$172.50 where the Application is not submitted using Barita BOSS.

6.4.4 Each Application for New Ordinary Shares must be for a minimum of 1,000 New Ordinary Shares and amounts above this shall be in multiples of 100 New Ordinary Shares.

6.4.5 Payment for the full amount of the Invitation Price for the New Ordinary Shares applied for must be remitted to the Lead Broker or Selling Agent, as the case may be, to which the Application Form has been submitted.

6.4.6 An Approved Payment Method shall be any of the following:

1. Manager's cheque payable to the Applicant's stockbroker, Barita Investments Limited and/or any of the approved Selling Agents for amounts less than J$1,000,000.00;

2. Cleared funds held in an equity/investment account in the Applicant's name at Barita supported by an authorization from the Applicant instructing Barita to transfer the payment to their Barita JCSD account;

3. Transfer from the Applicant's account held with the Applicant's stockbroker;

4. Transfer in the Real Time Gross Settlement (RTGS) system to the Applicant's stockbroker and/ or Barita to:

FIRSTCARIBBEAN INTERNATIONAL BANK (JAMAICA) LIMITED
SWIFT CODE: FCIBJMKN
Bank Name: FirstCaribbean International Bank (Jamaica) Limited
Branch: New Kingston Branch, 23 – 27 Knutsford Boulevard, Kingston 5
Account Name: Barita Investments Limited
Chequing Account Number: #1002277967

Payment Reference: "Applicant's Name" - Derrimon APO

5. Transfer via the Automated Clearing House (ACH) to the Applicant's stockbroker.

A penalty of J$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00.

6.4.7 Each Applicant acknowledges and agrees that:

1. He/she/it has been afforded a meaningful opportunity to review the Prospectus (including the terms and conditions in this Section 6), and to gather and review all additional information considered by him/her/it to be necessary to verify the accuracy of the information contained in this Prospectus;

2. He/she/it has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her/its investment decision; and

3. No person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied on in submitting his/her/it Application Form.

6.4.8 Applicants will be deemed to have accepted the terms and conditions of this Invitation and any other terms and conditions set out in this Prospectus.

6.4.9 All Application Forms will be time stamped for processing in the order in which they were received. Application Forms that meet the requirements set out in this Prospectus will be accepted on a first come first served basis. Early Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date.

6.4.10 For the purposes of paragraph 6.4.9 above, the Company; in its sole discretion, may:

1. Accept or reject any Application Form in whole or part without giving reasons, and neither they (nor any of them) nor the Company shall be liable to any Applicant or any other person for doing so; and

2. Allot New Ordinary Shares to Applicants on a *pro-rata* or other basis if the Invitation is oversubscribed prior to the closing of the Subscription List.

6.4.11 Neither the submission of an Application Form by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of New Ordinary Shares by the Company to an Applicant (whether such New Ordinary Shares represent all or part of those specified by the Applicant in his/her/it Application Form) will result in a binding contract under which the

Applicant will be deemed to have agreed to subscribe for the number of allotted New Ordinary Shares at the Subscription Price, subject to these terms and conditions.

6.4.12 The Board, in their sole discretion, may accept (in whole or in part) or reject, in whole or in part, any Application to subscribe for New Ordinary Shares, even if the Application is received, validated and processed. Accordingly, the number of New Ordinary Shares allocated to you may be reduced.

6.4.13 New Ordinary Shares alloted to successful Applicants will be deposited the JCSD account specified in their Application. Applicants may refer to the confirmation instructions that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) after the Closing Date.

6.4.14 The Company will return cheques for the amounts refundable to Applicants whose Application Forms are not accepted, or whose Application Forms are only accepted in part, to the Applicant's address shown in the Application Form within ten (10) working days after the Closing Date (or the extended Closing Date, as the case may be). If an Applicant so indicates on his Application Form, the refund cheque will be sent to Barita Investments Limited for collection by the Applicant (or the first-named joint Applicant) stated in the Application Form. Please note that the J$172.50 JCSD processing fee (inclusive of GCT) will not be refunded to an Applicant in the event that the Company refunds payments received for New Ordinary Shares.

6.5 Additional Information on Reserved Shares

6.5.1 At the annual general meeting of the Company held on September 25, 2020, the Shareholders of the Company authorised the Company to issue up to 1,800,000,000 Ordinary Shares in an additional public offering ("APO"). The Board or a committee of the Board was further authorised to determine the terms and conditions relating to the additional public offer. At a meeting of the Board held on October 2, 2020 the Directors approved the terms and conditions relating to this Invitation and made the Invitation subject to the Prospectus.

6.5.2 As set out in the Prospectus the Directors have made the determination that 1,014,185,625 New Ordinary Shares should be reserved as follows: (a) 484,387,164 New Ordinary Shares for Existing Shareholders or Derrimon Team Members; (b) 378,427,472 New Ordinary Shares for Key Investors; and (c) 151,370,989 New Ordinary Shares for Lead Broker's Clients.

6.5.3 If any of the Reserved Shares comprising any of the reserved pools are not fully subscribed for by the Reserved Share Applicants, such Reserved Shares will be allocated, and made available, to the Non-Reserved Applicants (General Public).

6.5.4 Among Reserved Share Applicants are Key Investors. The Directors believe that in reserving shares for Key Investors, such as the Lead Broker, the Company will be better able to bring in persons that will adopt a longer-term perspective with regard to their shareholding in the Company. This in turn can have a stabilising effect on the Company's stock price.

6.5.5 Also among the Reserved Share Applicants are the Lead Broker's Clients. The Directors believe that in reserving shares for the Lead Broker's Clients, potentially, new shareholders that may not have been exposed to the Company may now have an opportunity to participate in the Company's future, therefore broadening the potential basis of shareholders.

Information about the Company

07

7.1 Overview of the Company

7.1.1 Derrimon Trading Company Limited ("Derrimon" or the "Company") was incorporated as a private company limited by shares on December 21, 1998. By special resolution passed in the fourth quarter of 2013 the Company converted from a private to a public company and adopted new Articles of Incorporation consistent with the requirements of the JSE. The Company's Ordinary Shares were listed on the Junior Market on December 17, 2013.

7.1.2 The Company has no parent company. The Company has two (2) subsidiaries, namely:

Caribbean Flavours and Fragrances Limited ("CFF") in which it holds 62.02% of the issued share capital.

&

Woodcats International Limited ("Woodcats") in which it holds 100.00% of the issued share capital.

7.1.3 The Company also has a 60.00% interest in the Select Grocers Supermarket pursuant to a joint venture arrangement.

7.2 The Company's Businesses

7.2.1 The Company operates broadly in three (3) segments, namely:

Distribution – The Company distributes Fast Moving Consumer Goods (FMCG) including products from prominent brands such as Nestle, Sun Powder, Blue Power, Golden Brand, Busta, Chubby and Kool Kidz.

Retail and Wholesale – The Company operates seven (7) wholly-owned Sampars Cash 'N' Carry, Outlets and Supermarkets. The Company also operates the Select Grocers Supermarket under a joint venture arrangement.

Other Operations – The Company manufactures wooden pallets and other by-products of wood such as mulch through its wholly-owned subsidiary Woodcats. Additionally the company manufactures flavours for the beverage, confectionery and baking industries as well as fragrances for household, general cleaning and santitation purposes through its subsidiary CFF.

7.3 Distribution

A. Distribution of Nestlé Products in Jamaica

7.3.1 In 2002, the Company was appointed one of Nestlé Jamaica Limited's four (4) regional sub-distributors in Jamaica. Nestlé Jamaica Limited permits the Company to co-distribute Nestlé products as well as to utilize the Company's retail operations for direct sales to small shops, restaurants, caterers, amongst others.

B. Importation and Wholesale Distribution of Rice, Margarine and Detergents

7.3.2 In October 2006, the Company established a specialized division for the importation and distribution of rice, for sale to supermarkets and other wholesale customers. The Company also exclusively distributes its own Delect brand of long grain polished white rice along with other rice brands.

7.3.3 The Company continues to be the exclusive distributor of the Sun Power and Ozon range of detergents and disinfectants and Golden Brand margarine.

C. Distribution of Cold Food Items

7.3.4 In 2007, the Company launched its cold store division offering meats and seafoods, frozen french fries, frozen vegetables and similar food items. In 2011, the Company purchased a proprietary cold storage facility to support this line of its business.

D. Distribution of S.M. Jaleel Products in Jamaica

7.3.5 In September 2018, the Company became the exclusive Jamaican distributor of soft drinks manufacturer S.M. Jaleel Limited. In addition to distribution, the Company provides logistic support for S.M. Jaleel Limited's soft drinks, juice-flavoured beverages and energy drinks under the brands of Busta, Fruta, Kool Kidz and Turbo. The Company continues to distribute cold beverage products (juice and dairy) throughout Jamaica in the parishes of Kingston, Saint Andrew, Saint Catherine, Saint Thomas, Saint Ann, Saint Mary, Clarendon and Manchester.

7.4 Retail and Wholesale

A. 7.4.1 The Sampars Cash 'N' Carry business was originally established by Grace Kennedy Limited as Grace Cash and Carry in 1974. Grace Kennedy Limited sold the business in 1982, and its new owners renamed it Sampars Cash 'N' Carry. The Company acquired the business and assets of Sampars Cash 'N' Carry Limited in 2009 from the then owners, and established it as a separate trading division of the Company. The Company's retail operations have been expanded since then to include seven (7) Sampars locations in: Kingston, Saint Andrew, Saint Catherine, Manchester and Saint Ann.

B. 7.4.2 The Company has a 60.00% interest in the Select Grocers Supermarket located in Upper Manor Park Plaza in Saint Andrew pursuant to a joint venture arrangement.

7.5 Other Operations

7.5.1 The Company owns or controls the following entities:

A. Caribbean Flavours and Fragrances Limited

7.5.2 The Company owns approximately 62.02% of Caribbean Flavours and Fragrances Limited. CFF's primary business is the manufacture and distribution of flavours for the beverage, confectionery and baking industries. CFF also distributes fragrances primarily for household and general cleaning and sanitation purposes.

7.5.3 The ordinary shares of CFF are listed on the Junior Market.

B. Woodcats International Limited

7.5.4 On September 18, 2018 the Company acquired 100.00% of the issued share capital of Woodcats. Woodcats manufactures wooden pallets and other by-products of wood such as mulch and distributes plastic pallets.

7.6 Applicable Regulatory Regime

The business of the Company is not currently regulated. However, the Company's Ordinary Shares and the 2021 Preference Shares are each listed on the JSE. The Ordinary Shares of the Company are listed on the Junior Market, therefore the Company is subject to the Junior Market Rules which, amongst other things, require it to issue unaudited quarterly financial information and also, audited annual financial information as well as timely announcements, and to maintain certain standards of good corporate governance.

7.7 Litigation

As at the date of this Prospectus, there were no material litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings.

7.8 Insurance Arrangements

The Company maintains the following insurances:

A. Commercial All Risks to cover physical loss or damage to the Company's: (i) property at 235 Marcus Garvey Drive including stock of dry goods of all descriptions and FF&E for a total insured value of J$161.50 million; (ii) property at 8 – 10 Brome Close; (iii) stock of all descriptions in cold storage plant, machinery and equipment for a total insured value of J$180.40 million.

B. Commercial All Risks to cover physical loss or damage to the Company's goods in transit. The total insured value is J$300.00 million.

C. Wholesaler's Package Policy to cover various risks including property, consequential loss, loss of money, public liability and employer's liability relating to the Company's retail and wholesale operations.

08

Use of Proceeds

08 USE OF PROCEEDS

8.1 Gross Proceeds

If this Invitation is fully subscribed the gross proceeds will be approximately J$3.50 billion of which approximately J$205.25 million is expected to be used to pay transaction costs. The net proceeds from the Invitation is therefore expected to be J$3.29 billion. If the option to upsize is fully exercised the gross proceeds will further increase. The maximum by which the gross proceeds may increase by way of exercise of the option to upsize is J$723.12 million for a total gross proceeds sum of J$4.22 billion.

8.2 Use of the Proceeds

8.2.1 The Company will use the proceeds for two (2) main purposes. The first is to facilitate growth and the second is to reduce indebtedness. In respect of growth, the Company has identified two (2) potential acquisitions in the United States of America. If those potential acquisitions are consummated Derrimon is likely to realise significant synergies from vertical integration of those businesses with its existing business lines. In the event the Company is not able to arrive at a definitive agreement for the acquisition of one or the other of these potential acquisitions, the Company is still reasonably confident of completing a transaction(s) in the same industry within the next six (6) months.

8.2.2 In the unlikely situation the Company is neither able to close the potential acquisitions or any other acquisition in the industry the Company will use the proceeds to expand organically rather than by acquisition.

8.2.3 The Company will also use the proceeds to facilitate the build out of its newest location at Millennium Mall, Curatoe Hill in Clarendon.

8.2.4 The Company will also use the proceeds to repay existing indebtedness.

8.2.5 The table below summarises the use of the proceeds:

EXPECTED USE OF PROCEEDS	J$ AMOUNT
Reduction of Indebtedness	1,200,000,000.00
Potential Acquisition of Businesses in the United States	1,110,000,000.00
Expansion of Retail Location in Clarendon, Jamaica	500,000,000.00
Working Capital Support	284,750,000.00
Transaction Costs	205,250,000.00
Expansion of Delect Brand and Product Lines	200,000,000.00
TOTAL	**3,500,000,000.00**

8.2.6 For more information on the Expected Use of Proceeds see the Company's Strategic Initiatives at Sub-Section 14.4.

Share Capital Structure

09

9.1 Authorised and Issued Share Capital

9.1.1 As at the date of this Prospectus the authorised and issued share capital of the Company are as follows:

	Ordinary Shares	Preference Shares
Authorised	7,675,400,000	525,000,000
Issued	2,733,360,670	175,000,000

9.1.2 At the annual general meeting of the Company held on September 25, 2020 the Shareholders of the Company authorised the Company to issue up to 1,800,000,000 Ordinary Shares in an additional public offering. The Board and/or any duly appointed Committee of the Board was further authorised to determine the terms and conditions relating to the additional public offer.

9.1.3 At a meeting of the Board held on October 2, 2020 the Directors, on the recommendation of Management approved the terms and conditions proposed by Barita in its capacity as Arranger and Lead Broker relating to this Invitation and made the Invitation subject to the Prospectus.

9.2 Issued Ordinary Share Capital Post-Invitation

9.2.1 If this Invitation is fully subscribed the Issued Ordinary Share Capital will be as follows:

Description	Ordinary Shares	Amount Paid in Capital (J$)
Existing Ordinary Shares	2,733,360,670	140,044,000.00
Non-Reserved New Ordinary Shares (General Public)	484,513,306	1,162,831,934.40
Reserved Shares	1,014,185,625	2,337,168,067.20
Total	**4,232,059,601**	**3,640,044,001.60**

9.2.2 If this Invitation is fully subscribed the Shareholdings will be as follows:

Description	Ordinary Shares	Amount Paid in Capital (J$)
Existing Ordinary Shares	2,733,360,670	140,044,000.00
Non-Reserved New Ordinary Shareholders (General Public)	484,513,306	1,162,831,934.40
Reserved Shares		
(a) Existing Shareholders and Derrimon Team Members	484,387,164	1,065,651,760.80
(b) Key Investors	378,427,472	908,225,932.80
(c) Lead Broker's Clients	151,370,989	363,290,373.60
Total	**4,232,059,601**	**3,640,044,001.60**

9.3 Top Ten Shareholdings Pre-Invitation and Post-Invitation

9.3.1 As at September 30, 2020 the holders on the register with the ten (10) largest holdings of Existing Ordinary Shares are as follows:

A. Pre-Invitation (September 30, 2020):

Top 10 Shareholders	No. of Shares	% Shareholding
Derrick Cotterell	1,113,797,633	40.75%
Mayberry Jamaican Equities Limited	439,859,497	16.09%
Monique Cotterell	400,000,000	14.63%
Ian C. Kelly	157,373,169	5.76%
Estate of E. Cotterell (Deceased)	100,000,000	3.66%
Winston Thomas	72,351,180	2.65%
JCSD Trustee Services A/C Barita Unit Trust Capital Growth Fund	59,850,923	2.19%
Sharon Harvey-Wilson	29,163,580	1.07%
Sagicor Pooled Equity Fund	27,756,920	1.02%
Sagicor Select Fund – (‘Class C’ Shares) Manufacturing & Distribution	22,600,000	0.83%
Sub-total	**2,422,752,902**	**88.64%**
Other Shareholders	310,607,768	11.36%
Total	**2,733,360,670**	**100.00%**

B. Post-Invitation (assuming all New Ordinary Shares are subscribed for in full)

Top Ten (10) Shareholders	Number of Shares	% Shareholding
Derrick Cotterell	1,113,797,633	26.32%
Mayberry Jamaican Equities Limited	439,859,497	10.39%
Monique Cotterell	400,000,000	9.45%
Ian C. Kelly	157,373,169	3.72%
Estate of E. Cotterell (Deceased)	100,000,000	2.36%
Winston Thomas	72,351,180	1.71%
JCSD Trustee Services A/C Barita Unit Trust Capital Growth Fund	59,850,923	1.41%
Sharon Harvey-Wilson	29,163,580	0.69%
Sagicor Pooled Equity Fund	27,756,920	0.66%
Sagicor Select Fund – ('Class C' Shares) Manufacturing & Distribution	22,600,000	0.53%
Sub-total	**2,42,752,902**	**57.25%**
Other Shareholders	310,607,768	7.34%
Reserved Shareholders: (a) Existing Shareholders and Derrimon Team Members	484,387,164	11.45%
(b) Key Investors	378,427,472	8.94%
(c) Lead Broker's Clients	151,370,989	3.58%
Sub-total	**1,014,185,625**	**23.96%**

Non-Reserved Shares (General Public)	484,513,306	11.45%
Total (after subscription of shares under the Invitation)	**4,232,059,601**	**100.00%**

Dividend Policy

10

10.1 Ordinary Shares

10.1.1 Over the last three years the Company has paid dividends on its Ordinary Shares as follows:

Date of Dividend Declaration	Payment Date	Dividend per Share	Gross Dividend Amount
July 25, 2018	August 17, 2018	J$0.07 pre-stock split	J$19.10 million (audited)
November 14, 2019	December 9, 2019	J$0.01	J$27.30 million (audited)
October 2, 2020	October 27, 2020	J$0.012	J$32.80 million (estimated)

10.2 2021 Preference Shares

10.2.1 The Company pays a preferential dividend quarterly in arrears on the final Business Day of March, June, September, and December.

10.3 Proposed Dividend Policy

10.3.1 The Directors expect the Company's short and medium term investments and strategic plans to result in growth of its profits and distributable reserves. In the near future the Directors anticipate adopting a formal dividend policy to pay a semi-annual dividend of at least 30.00% of the annual distributable reserves.

10.3.2 The statement of proposed Dividend Policy should not be construed as a dividend forecast or a guarantee. See Risk Factors at 15.34 for risk factors relating to the Proposed Dividend Policy.

The Auditor’s Report

11

11 THE AUDITOR'S REPORT

11.1 The Auditor's Report of McKenley & Associates, Chartered Accountants is set out at pages 101 to 106 in Appendix 2 hereto.

11.2 McKenley & Associates, has consented to and not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditor's Report, and the complete audited financial statements of the Company for the financial year ended December 31, 2019, and their name in the form and context in which it is included. The Auditor's Consent is set out at Appendix 5 hereto.

12 The Board of Directors of the Company and their Interests in the Company

12.1 Board of Directors of the Company

Brief biographical details of the Directors of the Company are set out below. The Directors' addresses are set out in paragraph (c) of Sub-Section 16.1 hereto.

Derrick Cotterell

Chairman & Chief Executive Officer

Derrick Cotterell is Derrimon's founder, Chairman and Chief Executive Officer. As Chairman and Chief Executive Officer, Derrick is responsible for the strategic direction and growth of the Company. Derrick has significant experience in general management, sales, marketing, and procurement. He is also the Managing Director of Caribbean Flavours and Fragrances Limited. He is a member of the Board for Dupont Primary, and serves as a Director of the Governor General of Jamaica's "I Believe Initiative" which seeks to improve the lives of young Jamaicans. He is also a Deacon at his Church.

Derrick is a graduate of the University of the West Indies and Florida International University, where he obtained 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 of the Company. She brings extensive experience in the services and retail industries; in particular, customer service delivery. 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 Kelly

Chief Financial Officer

Ian is adept at finance and risk management with senior level experience in treasury, asset management, correspondent banking, corporate finance and securities trading. He serves as Group Chief Financial Officer for the Derrimon Group and Divisional Director for Sampars. Ian is also the Chief Financial Officer and Company Secretary for Caribbean Flavours and Fragrances Limited and Woodcats International Limited.

He is a Certified Public Accountant (CPA) and holds both 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 at the University of Pennsylvania. He serves on several Boards which include TyDixon Primary School, Reggae Marathon, FosRich Group of Companies Limited, Caribbean Flavours and Fragrances Limited, Woodcats International Limited and he is the Chairman of The Governor General Jamaica Trust.

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 in Management Studies from the University of the West Indies.

Earl Anthony Richards, C.D.

Non-Executive Director

Earl is adroit in strategic planning, general management and operations. He has a long 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.

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 is a member of the Jamaican Bar Association.

He serves as the 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.

Paul Buchanan Jr.

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.

12.2 Corporate Governance

The Board has two (2) committees. The members of each committee of the Board are as follows:

Audit Committee	Human Resources and Compensation Committee
Earl Anthony Richards, C.D. (Independent Chairman)	Alexander I.E. Williams (Independent Chairman)
Paul Buchanan Jr. (Independent Director)	Monique Cotterell (Executive Director)
Ian Kelly (Executive Director)	Winston Thomas (Independent Director)

12.3 Shareholdings of Directors

As at September 30, 2020 the following directors have the following interest in shares in the Company:

Name of Director	Number of Shares	Percentage of Issued Share Capital
1. Derrick Cotterell	1,113,797,633	40.75%
Connected Party: Mrs. Monique Cotterell	400,000,000	14.63%
Combined:	**1,513,797,633**	**55.38%**
2. Ian Kelly	157,373,169	5.76%
3. Winston Thomas	72,351,180	2.65%

4. Earl Anthony Richards and Elaine Richards	5,325,000	0.18%
5. Monique Cotterell	400,000,000	14.63%
Connected Party: Derrick Cotterell	1,113,797,633	40.75%
Combined:	**1,513,797,633**	**55.38%**
6. Alexander I.E. Williams	500,000	0.02%
7. Paul Buchanan Jr.	300,000	0.02%

12.4 Mentor

The Company continues to abide by the rules of the Junior Market. The Company's mentor is Mrs. Tania Waldron-Gooden. Mrs. Gooden was a non-executive director of the Company's Board from January 1, 2014 up until October 30, 2019.

12.5 Directors' Fees and Management Remuneration

For the financial year ended December 31, 2019, Directors' Fees totalled J$780,000.00 and Management Remuneration totalled J$48.90 million.

13 Presentation of Current and Historical Financial Information

13.1. Derrimon Group's Five-Year Consolidated Statement of Comprehensive Income

13.1.1 The Derrimon Group's Audited Financial Statements for the year ended December 31, 2019 are set out at Appendix 2 hereto. The Derrimon Group's audited financial statements for the financial years ended December 30, 2015 to December 30, 2018 are available on the website of the Jamaica Stock Exchange at www.jamstockex.com.

The Table below shows the five-year summary of the Derrimon Group's Consolidated Statement of Comprehensive Income as extracted from its Audited Financial Statements.

Derrimon Trading Company Limited | Consolidated Statement of Comprehensive Income

	31-Dec-15 J$'000	31-Dec-16 J$'000	31-Dec-17 J$'000	31-Dec-18 J$'000	31-Dec-19 J$'000
Trading Income	**6,293,998**	**6,176,928**	**6,723,810**	**9,303,460**	**12,649,017**
Less Cost of Sales	(5,460,667)	(5,242,449)	(5,388,010)	(7,612,427)	(10,370,183)
Gross Profit	**833,331**	**934,479**	**1,335,800**	**1,691,033**	**2,278,834**
Other Income	7,562	18,679	257,128	66,248	37,767
	840,893	953,158	1,592,928	1,757,281	2,316,601
Less Operating Expense:					
Administrative	(538,262)	(561,460)	(1,005,566)	(1,069,495)	(1,279,414)
Selling & Distribution	(164,025)	(177,952)	(135,665)	(233,718)	(408,265)
	(702,286)	(739,412)	(1,141,231)	(1,303,213)	(1,687,679)
Operating profit before finance costs	**138,607**	**213,745.8**	**451,697**	**454,068**	**628,922**
Finance Income	659	795	-	-	15,408
Finance Costs	(87,084)	(136,621)	(169,901)	(172,223)	(298,604)
Share of Profit of Associated Company	35,950	38,187	-	-	-
Profit before Taxation	**88,130**	**116,107**	**281,796**	**281,845**	**345,726**
Taxation	-	-	-	(4,632)	(43,018)
Net Profit	**88,130**	**116,107**	**281,796**	**277,213**	**302,708**
Net Profit Attr. to Shareholders	**88,130**	**116,107**	**252,369**	**249,120**	**209,708**

13.1.2 For the Financial Year ended December 31, 2019 the Derrimon Group recorded total Revenue of J$12.65 billion compared to J$9.30 billion in Revenue for the 2018 Financial Year. This represents a 35.96% year-on-year increase in total Revenue.

13.1.3 From the period commencing January 1, 2018 to December 31, 2019 the Derrimon Group's total Revenue grew by a Compounded Annual Growth Rate (CAGR) of 37.16%, from J$6.72 billion for the Financial Year ended 2017 to J$12.65 billion for Financial Year ended 2019.

13.1.4 The exponential increase in Revenue over the past three (3) financial years is as a result of:

a. In September 2018, the Company became the island-wide exclusive distributor for S.M. Jaleel & Company Limited's soft drinks, juices, juice-flavoured beverages and energy drinks;

b. In September 2018, the Company acquired 100.00% of the issued share capital of Woodcats International Limited; and

c. Organic growth in the Company's core distribution and retail businesses.

13.1.5 The Derrimon Group's Cost of Sales was J$10.37 billion for the 2019 Financial Year compared to J$7.61 billion for the 2018 financial year. This represents a year-on-year increase of approximately 36.23% which is in-line with the increase in Revenue. The Derrimon Group's Gross Profit for the 2019 Financial Year was J$2.28 billion, which is an increase of approximately 34.76% from the 2018 Financial Year when the Derrimon Group recorded Gross Profit of J$1.69 billion.

13.1.6 The Gross Profit Margin for the 2019 Financial Year was approximately 18.02%, a slight decrease of roughly 0.16% relative to 18.18% for the 2018 Financial Year. The decrease in Gross Profit Margin was mainly due to trade discounts within the beverage space given market changes.

13.1.7 The Derrimon Group's Administrative Expenses totalled J$1.28 billion for the 2019 Financial Year, an increase of approximately 19.63% from the J$1.07 billion reported for the 2018 Financial Year. This increase was due largely to an increase in staff costs, comprising salaries and wages, staff welfare and contract services, and the depreciation for rights of use of leased assets. Selling and Distribution Expenses were J$408.27 million in 2019 Financial Year, up about 74.68% from the J$233.72 million reported for the 2018 Financial Year. This increase was due largely to the full year's impact of the new beverage portfolio and increases in trucking, delivery and warehousing expenses. The 2018 financial report included only four (4) months of expenses as the addition of the new beverage distribution commenced in September 2018. The full year's impact on sales commissions resulted in a year-on-year increase of approximately 63.00%.

13.1.8 The Derrimon Group's Operating Profit for the 2019 Financial Year was J$628.92 million, compared to J$454.07 million for the 2018 Financial Year. This represents a 38.51% increase year-on-year. Finance Costs recorded for the 2019 Financial Year was J$298.60 million compared to J$172.22 million reported in the 2018 Financial Year representing a 73.38% increase. This increase was due to increased interest expenses associated with the use of lines of credit, preference dividends, loans associated with major asset purchases and bank charges. Also, lease liability interest expense recorded for the 2019 Financial Year was J$78.56 million. The Derrimon Group ended the 2019 Financial Year with J$302.71 million in Net Profit, an improvement of 9.20% over the J$277.21 million recorded in the comparative 2018 Financial Year.

13.2 Derrimon Group's Five Year Summary of Balance Sheet

13.2.1 The Derrimon Group's Audited Financial Statements for the year ended December 31, 2019 are set out at Appendix 2 hereto. The Derrimon Group's audited financial statements for the financial years ended December 30, 2015 to December 30, 2019 are available on the website of the Jamaica Stock Exchange at www.jamstockex.com.

13.2.2 The Table shows the five (5) year summary of the Derrimon Group's Balance Sheet as extracted from its Audited Financial Statements.

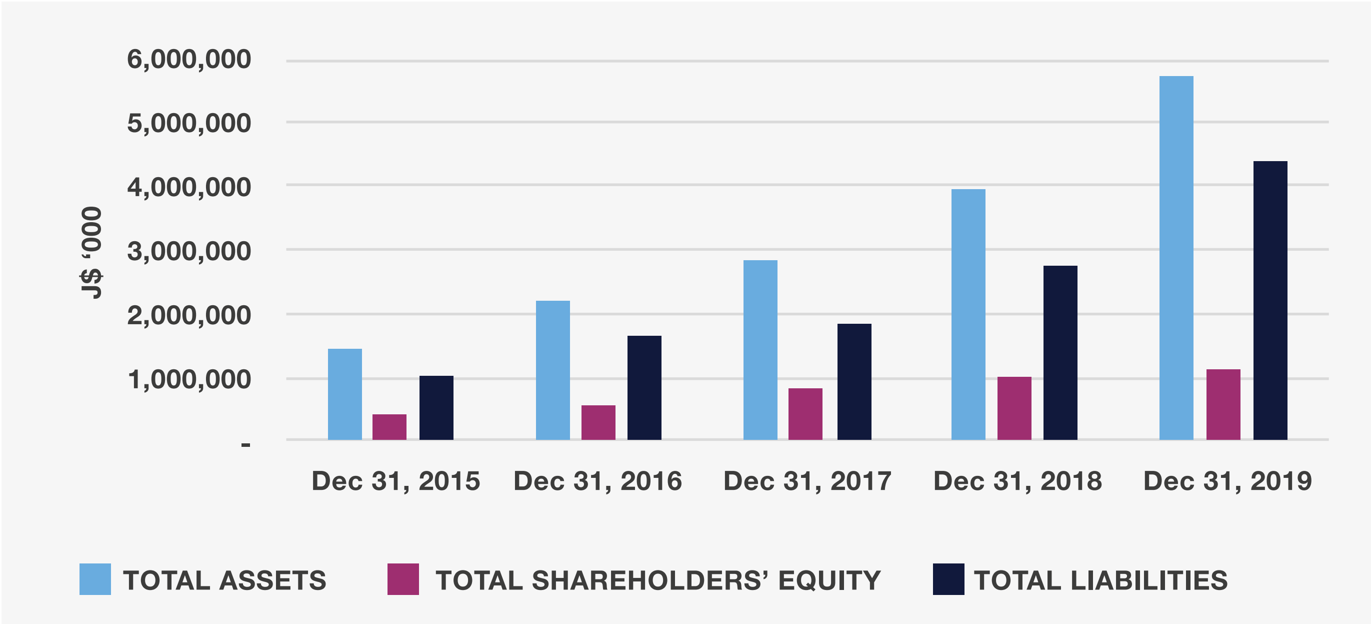
13 PRESENTATION OF CURRENT & HISTORICAL FINANCIAL INFORMATION

Derrimon Trading Company Limited | Consolidated Statement of Financial Position

	31-Dec-15 J$'000	31-Dec-16 J$'000	31-Dec-17 J$'000	31-Dec-18 J$'000	31-Dec-19 J$'000
NON-CURRENT ASSETS					
Property, Plant and Equipment	160,325	176,130	387,007	457,651	483,476
Rights of Use of Lease Assets	-	-	33,220	-	1,039,077
Goodwill	15,220	15,220	256,523	163,940	182,120
Investments	-	-	-	180,411	-
Investment in Associate	160,825	194,604	-	-	-
Intangible Assets	-	-	-	233,478	256,523
	336,370	**385,954**	**676,750**	**1,035,480**	**1,961,196**
CURRENT ASSETS					
Inventories	588,287	905,827	795,551	1,280,787	1,992,174
Receivables	505,729	680,662	887,212	1,166,946	1,033,069
Prepayments	-	120,619	-	-	-
Related Parties	14,535	834	-	-	-
Investments	2,351	12,178	5,209	170,132	280,599
Taxation Recoverable	-	-	256,976	5,999	6,019
Cash and Cash Equivalents	79,388	157,934	265,521	388,751	509,627
	1,190,290	**1,878,053**	**2,210,469**	**3,012,615**	**3,821,488**
TOTAL ASSETS	**1,526,660**	**2,264,007**	**2,887,219**	**4,048,095**	**5,782,684**
EQUITY AND LIABILITIES					
Share Capital	140,044	140,044	140,044	140,044	140,044
Capital Reserves	57,503	57,503	133,053	94,638	94,638
Investment Revaluation Reserve	614	614	614	614	614
Retained Earnings	250,200	366,307	590,357	820,343	934,834
	448,362	564,468	864,068	1,055,639	1,170,130
Non-controlling Interests	-	-	171,107	162,597	163,382
TOTAL EQUITY	**448,362**	**564,468**	**1,035,175**	**1,218,236**	**1,333,512**
NON-CURRENT LIABILITIES					
Borrowings	491,912	615,593	754,317	862,658	1,731,003
Lease Liability	-	-	-	-	1,000,272
Deferred Tax Liability	-	-	-	3,080	4,214
	491,912	**615,593**	**754,317**	**865,738**	**2,735,489**
CURRENT LIABILITIES					
Payables	560,543	772,033	791,036	1,149,544	976,846
Short Term Loans	-	224,272	29,976	736,416	536,316
Current Portion of Borrowings	6,659	30,901	258,766	69,636	122,448
Bank Overdraft	19,185	56,740	-	-	-
Current Portion of Lease Liability	-	-	17,949	-	70,601
Taxation Payable	-	-	-	8,525	7,472
	586,386	**1,083,946**	**1,097,727**	**1,964,121**	**1,713,683**
TOTAL LIABILITIES & EQUITY	**1,526,660**	**2,264,007**	**2,887,219**	**4,048,095**	**5,782,684**

13.2.3 The bar chart below shows the five year summary of the key items from the Derrimon Group's Balance Sheet.

Total Assets, Liabilities & Shareholders' Equity



13.2.4 For the 2019 Financial Year, Current Assets increased by 26.85% to J$3.82 billion compared to the J$3.01 billion in the prior comparative Financial Year. This was mainly influenced by increases in Inventories and Cash & Cash Equivalents. Current Liabilities declined by 12.75%, totalling J$1.71 billion at the end of the 2019 Financial Year when compared to the J$1.96 billion reported for the 2018 Financial Year. The reduction in Payables and repayment of credit lines from financial institutions were the major contributing factors. The Company had Borrowings of J$1.73 billion at the end of the 2019 Financial Year which represents a 100.66% increase compared to the J$862.66 million recorded in the 2018 Financial Year. The significant increase in borrowings is due to: (a) a demand loan associated with the refinancing of the full cost associated with the purchase of Woodcats International Limited; (b) the replacement of a United States Dollar short term facility with a medium term (lower interest cost) Jamaican Dollar facility; (c) working capital lines; and (d) loans utilized for the roll out of the new technology platform and for the renovation and upgrade of some of the Sampars stores.

13.2.5 Shareholders' Equity increased year-over-year for the 2019 Financial Year to J$1.17 billion, up 10.85% from the J$1.06 billion reported in the 2018 Financial Year. The increase in Shareholders' Equity was as a result of an increase in Retained Earnings, which increased by 13.96% to J$934.83 million at the close of the Financial Year 2019 when compared to J$820.34 million reported in the 2018 Financial Year.

13.3 Select Financial Ratios

13.3.1 The Table below depicts certain profitability, margin, liquidity, solvency and growth ratios for the Derrimon Group between the Financial Year ended 2015 and the Financial Year ended 2019:

Select Financial Ratios	31-Dec-15	31-Dec-16	31-Dec-17	31-Dec-18	31-Dec-19
Profitability					
Return on Assets	5.77%	5.13%	9.76%	6.85%	5.23%
Return on Equity	19.66%	20.57%	32.61%	26.26%	25.87%
Margin Analysis					
Gross Profit Margin	13.24%	15.13%	19.87%	18.18%	18.02%
EBITDA Margin	2.60%	3.84%	7.49%	3.84%	6.27%
Net Profit Margin	1.40%	1.88%	4.19%	1.88%	2.39%
Liquidity					
Current Ratio	2.03	1.73	2.01	1.53	2.23
Quick Ratio	1.03	0.90	1.29	0.88	1.07
Cash Ratio	0.14	0.15	0.24	0.20	0.30
Solvency					
Debt to Equity	1.15	1.64	1.21	1.58	2.04
Debt to Capital	0.54	0.62	0.55	0.61	0.67
Debt to EBITDA	3.16	3.91	2.07	3.10	3.01
EBITDA/Interest	1.88	1.74	2.96	3.12	2.65
EBITDA/(Interest+ST Debt)	1.45	0.53	1.10	0.55	1.83
EBITDA-CapEx/ (Interest+ ST Debt)	1.06	0.43	0.52	0.39	0.70
YoY Growth of Key Variables					
Revenue		-1.86%	8.85%	38.37%	35.96%
Operating Profit		54.21%	111.32%	0.52%	38.51%
Net Profit		31.74%	142.70%	-1.63%	9.20%

13.3.2 The Derrimon Group's Net Profit Margin declined slightly year-over-year (YOY) from 2.98% in the 2018 Financial Year to 2.39% in the 2019 Financial Year. Gross Profit also exhibited a similar trend declining slightly from 18.18% for the 2018 Financial Year to 18.02% for 2019 Financial Year. Additionally, Return on Assets and Return on Equity were both down marginally for the 2019 Financial Year to 5.23% and 25.87% respectively, relative to 6.85% and 26.26% respectively for the 2018 Financial Year.

Management Discussion and Analysis

14

14.1 Business Overview

14.1.1 Derrimon Trading Company Limited ("Derrimon" or the "Company") has been a significant distributor of consumer goods to the Jamaican market since 1998. Known for its dependability and innovative spirit, the Company has expanded exponentially.

A. Distribution

14.1.2 Since its humble beginning, distributing commodities to supermarkets and wholesalers within the Kingston Metropolitan Area, Derrimon has increased both the range of products it distributes as well as the brands it represents. By attracting and concluding partnerships with global distribution and manufacturing companies, Derrimon has joined the ranks of the most extensive distribution and allied companies in Jamaica.

14.1.3 Derrimon's principal operations are located at 235 Marcus Garvey Drive, Kingston 11, less than two (2) miles from the port of Kingston. The Company initially had a warehouse facility on this property of approximately 70,000 sq. ft. However to keep pace with its rapid expansion needs, the Company entered into a long-term lease arrangement for a new distribution centre located in the Ferry area, off Mandela Highway, which has a capacity of approximately 110,000 sq. ft.

B. Retail and Wholesale

14.1.4 The Company also operates entities in the retail and wholesale markets through its Sampars strores and Select Grocers Supermarket. With more than thirty (30) years of operations, Sampars is one of the largest and oldest wholesale businesses in Kingston. Today, the Company operates seven (7) Sampars stores, in the form of supermarkets or wholesales depending on the location. Select Grocers Supermarket was formed in 2017 and operates in the Manor Park area where it quickly became a popular supermarket in the corporate area.

C. Other Operations

14.1.5 Derrimon is the parent company of Caribbean Flavours and Fragrances Limited ("CFF") and Woodcats International Limited ("Woodcats"). CFF is a dominant player in the flavour and fragrance industry and supplies some of the major manufacturers locally and overseas. Woodcats is amongst the leading companies involved in the manufacturing of pallets in Jamaica. These two subsidiaries have enhanced the financial strength of Derrimon and improved the overall financial profile of the Company.

D. Market Review: Industry and Company Economics

14.1.6 Derrimon operates within the Wholesale & Retail Trade sector. Based on the 2019 Economic and Social Survey of Jamaica ("ESSJ") issued by the Planning Institute of Jamaica, the sector contributed 17.20% to Jamaica's GDP in 2019, the same as in 2018, and slightly down from 17.40% in 2017. This share of GDP makes the sector one of strategic significance to the local economy. That importance stems from the number of Jamaicans employed in the sector, approximately 244,375 in 2019, up from 242,525 in 2018. However, the wholesale & retail trade installation, and repair machinery ("WRTIM") growth rate has been sluggish over the past five (5) years, with 2018 recording the highest annual growth rate at 1.00% and 2019 the second-best at 0.90%. This industry growth rate seems to track the overall growth rate in the larger economy. The ESSJ also reveals that approximately 93.20% of the businesses in this sector are classified as ‘medium & large’, 6.00% as ‘small’ and 0.80% as ‘micro’.

14.1.7 The WRTIM industry structure means competing firms do not enjoy a significant amount of market segmentation or pricing power, which is reflected in the slow annual growth rate of the overall industry. An implication of this is that companies within the WRTIM industry that seek to grow more rapidly than the rest of the industry must pursue inorganic expansion strategies.

14.1.8 Derrimon is among the entities in the WRTIM industry that has pursued ‘bolt-on’ acquisitions as well as deepened ties with its suppliers. Those strategies coupled with investing significantly in building logistic capabilities, have been critical to Derrimon’s ability to grow and deliver consistent shareholder value.

14.1.9 Finally, given the significance of imports in the Derrimon Group’s overall operations, Derrimon takes specific measures to manage its foreign exchange risk. In particular, the importation of bulk rice forms a large percentage of the Derrimon Group’s overall purchase figure. To manage this, Derrimon typically enters short and medium-term arrangements with its suppliers in the producing countries (millers and producers). Additionally, Derrimon holds fairly large foreign currency balances as part of its hedging strategy. With this kind of foreign exchange risk management strategy Derrimon’s foreign exchange losses/gains are typically not material.

E. Outlook and Company Growth Strategies

14.1.10 Several macro factors will likely influence the Derrimon Group’s future growth prospects, not the least being continued developments relating to the COVID-19 pandemic. Three (3) critical considerations about the Company’s immediate future are:

1. Continued COVID-19 containment measures might impact the distributive trades to the extent that further measures stipulate even further social distancing and/or more curtailment in economic activity;
2. Negative implications for household consumption given increase in unemployment; and
3. Relatively low and stable inflation should support the distribution and wholesale trades, including Derrimon’s portfolio of products.

14.1.11 Notwithstanding the economic structure of the industry and headwinds, Derrimon has been pursuing the following main strategies over the last couple of years, and will continue to pursue irrespective of the headwinds from COVID-19:

1. Growing its current footprint for all the products in the Company’s portfolio;
2. Increasing its distribution footprint and capabilities across Jamaica;
3. Targeted focus on customers at all levels of the distribution chain;
4. Continued revenue diversification through the acquisition of value-enhancing businesses; and
5. Diversification of product offerings.

14.2 Derrimon Group's 2020 Nine Month Unaudited Comprehensive Income versus 2019 Nine Month Unaudited Comprehensive Income

14.2.1 For the period ended September 30, 2020, the Derrimon Group reported total Revenue of approximately J$9.62 billion relative to J$9.53 billion in the prior year nine month period, representing a year over year increase of approximately 0.92%. Revenue growth during a period when the Jamaican economy contracted due to the COVID-19 pandemic demonstrates the resilience of the Derrimon Group's activities.

14.2.2 Gross Profit over the period grew by 10.95% versus the prior year period increasing from approximately J$1.66 billion to J$1.84 billion. This increase was due to the Derrimon Group's decision to focus on higher yielding products as well as reduce costs through improvements in procurement and logistics. The efficiency benefits from this decision are reflected in the Derrimon Group's Gross Profit Margin which increased from 17.41% in the prior nine month period to 19.14%. Similarly, the cost mitigation steps taken have flowed to Operating Profit which improved year over year by 11.58%, increasing from approximately J$0.41 billion to J$0.46 billion.

14.2.3 In addition to reducing the Cost of Sales, the Derrimon Group took strategic steps during to reduce the cost of debt. These include the realignment of the debt portfolio from short term to long term amortized facilities and refinancing US$ denominated debt with J$ denominated debt. As a result, despite the higher total debt, Finance Costs decreased 8.00% to J$0.15 billion from J$0.16 billion. This bolstered Profit Before Taxation which increased by 24.08% as the Profit Before Tax Margin expanded by 0.61%. Net Profit Attributable to Shareholders increased further by 27.05% owing to a reduced effective tax rate (from 13.04% to 11.04%).

Income Statement (J$'000)	9M PERIOD ENDING SEPTEBER 30, 2019	9M PERIOD ENDING SEPTEMBER 30, 2020
Revenue	9,530,761	9,618,342
Gross Profit	1,658,907	1,840,508
Operating Profit	413,652	461,535
Net Profit to Shareholders	203,548	258,603
Margins (%)		
Gross Profit Margin	17.41	19.14
Operating Profit Margin	4.34	4.80
Net Profit Margin	2.14	2.69

14.3 Derrimon Group's Unaudited Balance Sheet as at September 30, 2019 versus as at September 30, 2020

14.3.1 As at September 30, 2020, the Derrimon Group's Total Assets increased by 26.54% year over year, moving from J$4.52 billion to J$5.72 billion, largely due to fixed asset acquisitions under a lease arrangement which added J$0.96 billion to the Derrimon Group's Total Assets.

14.3.2 The Derrimon Group reported Total Liabilities of J$4.13 billion as at September 30, 2020 compared to J$3.08 billion recorded in the same period in 2019. That represents a double-digit increase of 33.93% over the prior period, largely due to an increase in Lease Liability.

14.3.3 Shareholder's Equity (net of non-controlling interest) increased by 12.51%, totalling J$1.42 billion for the nine month unaudited period ended September 30, 2020, relative to the J$1.26 billion reported as at September 30, 2019.

14.4 The Company's Strategic Initiatives

14.4.1 The Company will continue to focus on creating an opportunity for Shareholders to invest in a diversified company, benefiting from dividends from the Company's distribution and retail activities from local and international markets. Derrimon will continue to focus on:

a. Improving its Logistics Management (enhancing warehouse capabilities and logistics);

b. Growing its Supply Chain;

c. Implementing a Technology Platform (focusing primarily on optimizing Retail and Distribution Management) which will ultimately enhance its client relationship management;

d. Expanding the Retail and Distribution Channels to include a modern full-service, one-stop shopping experience and the development of a wider Delect product offering focused primarily on consumables; and

e. Modernising its pallet business.

14.5 Potential Acquisitions

14.5.1 Derrimon has a record of successfully acquiring and integrating other businesses. See Sub-Sections 7.1 to 7.5 for more details.

14.5.2 The Company has identified targets in the United States of America. The Company is presently conducting confidential due diligence on two (2) potential acquisitions within that industry. When combined, both target entities made Total Revenues of J$5.1 billion with 6% or J$311.1 million being converted into net income.

14.5.3 If Derrimon successfully acquires these two (2) entities; Derrimon will realise significant synergies, including:

a. Vertical Integration – which allows Derrimon to control distributors, retail locations, control costs and possibly reduce expenses and improve overall efficiencies;

b. Establishing relationships in new markets as the target companies have established market presence and would be purchased as going concerns. Thus eliminating the need for Derrimon to have to start from scratch in establishing its market;

c. Both entities already have existing employees, clients, suppliers, equipment and inventory; and

d. The acquisitions would create an opportunity for Derrimon to expand its distribution market; that is broaden its target market and build brand recognition.

14.5.4 In carrying out its due diligence and strategic planning, the Company has internal projections to evaluate the potential acquisitions and their impact on certain key variables. Based on management's best estimates and using reasonable assumptions, the Derrimon's post acquisition performance is expected to be as follows:

Consolidated Numbers for Target Companies (J$'000)[2]					
Key Variables	**Proj. FY 2020**	**Proj. FY 2021**	**Proj. FY 2022**	**Proj. FY 2023**	**Proj. FY 2024**
Revenue	5,914,017	7,096,821	8,161,344	9,385,595	10,793,377
Net Income	357,934	485,405	558,440	642,431	739,021

14.5.5 Underpinning the projections are the following assumptions:

1. Over the next five (5) years, we expect the Derrimon Group to deliver average Revenue growth of 21.78% which is just over 3% relative to the prior five (5) year growth of 18.70%. This increase reflects the potential acquisitions, as well as additional growth we expect will materialize from the Woodcats acquisition. We expect to see the majority of the Derrimon Group's growth in FY2021 which will then normalize thereafter to our long term growth rate of 5%.

2. We assume Operating Profit Margin will gradually increase to 8% in Year 5 which reflects increased efficiency. Historically, the Derrimon Group has achieved a margin of 6.72% which implies 8.00% is well within reach over a five (5) year period.

3. Net Profit Margin for the initial year is equivalent to the Derrimon Group's nine (9) months Net Profit Margin with an additional 1% attributed to the potential acquisition. Thereafter, we expect an increase in Net Profit Margin YoY to a total of 5% by Year 5.

4. Cost of Equity is estimated at 12.97% for the first forecasted year, after which we anticipate a reduction in the Cost of Equity which will move to 10.41% by Year 5.

14.5.6 Upon entering into a definitive agreement for the acquisitions the Company will disclose more details on the potential acquisitions.

14.5.7 Even if neither of the potential acquisitions are completed the Company is reasonably confident of completing a transaction(s) in the same industry within the next six (6) months.

2 This table represents estimates and projections and is a forward-looking statement. See Sub-Section 1.5 for Advisory on Forward-Looking Statements.

Risk Factors

15

15 RISK FACTORS

15.1 In addition to other information set forth in this Prospectus, investors should consider carefully the risks described below before subscribing for New Ordinary Shares in the Company. These risks are not the only ones facing investors. Additional risks, not presently known to the Directors, or that the Directors may presently consider immaterial, may also impair the Company's operations.

15.2 This Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated as a result of certain factors, including the risks faced by the Company described below and elsewhere in this Prospectus.

COVID-19 Pandemic and Government Policies in Response to the COVID-19 Pandemic

15.3 On March 11, 2020 the World Health Organisation declared that the novel coronavirus (SARS-COV-2), which causes the disease referred to as COVID-19, had reached the status of a global pandemic (the "COVID-19 Pandemic"). The first instance of COVID-19 in Jamaica was detected in the same month.

15.4 The COVID-19 Pandemic and the measures adopted by the various governments to mitigate the spread of COVID-19 have had a significant negative impact on the global economy. It has severely disrupted business operations, supply chains and workforce availability across the world, leading to substantial declines in business activity.

15.5 Jamaica's economic activity has also been negatively affected by the COVID-19 pandemic and the policy measures enacted to contain and slow the spread of the virus. The Bank of Jamaica in its most recent Quarterly Monetary Policy Report projected that the Jamaican economy would contract in FY2020/21 in the range of 7% to 10%. Additionally the Jamaican economy is not expected to return to pre-COVID-19 Pandemic growth levels before FY 2022/23.

15.6 The Derrimon Group believes that the COVID-19 Pandemic is likely to remain a long-term issue and accordingly has taken steps to adapt to the new operating environment. The COVID-19 Pandemic still poses a significant risk to the Derrimon Group, its operations and its growth plans. Various initiatives and measures have been implemented to ensure that the Company's growth strategies are not negatively impacted.

Operational Risks

15.7 In the execution of its business the Derrimon Group is exposed to risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational Risks also include:

a. Systemic risk including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures;

b. Legal risk and reputation risk;

c. Employee errors, computer and manual systems failures, security failures;

d. Fire, floods and other losses to physical assets;

e. Fraud or other criminal activity; and

f. Increased competition and changes to key distribution agreements.

15.8 The Company carries standard business insurance policies that cover business interruption and property damages due to fire, flood or other routine risks. The Company also carries normal third-party insurance such as public liability insurance.

Currency Risk

15.9 The Derrimon Group is exposed to foreign exchange risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican Dollar. The Derrimon Group purchases and imports bulk rice, beverages and other commodities which it pays for in United States Dollars. With any sudden negative changes in United States Dollar to Jamaican Dollar exchange rates can unpredictably and adversely affect the Derrimon Group's operating results.

15.10 Although the Derrimon Group does not directly hedge against the risks associated with fluctuations in exchange rates it manages currency risk on imported rice, beverages and other commodities by entering into short and medium term arrangements with millers, producers as well as implement an exchange buffer in its pricing mechanism.

15.11 The Derrimon Group also attempts to keep its net exposure in foreign assets and liabilities to an acceptable level by closely monitoring currency exposure. During the financial year ended December 31, 2019 the Company refinanced a US$1.5 million denominated loan with a J$ denominated loan at competitive interest rates.

Risks Due to the Company's Use of Leverage

15.12 The Derrimon Group has used borrowings as the principal means of financing its growth. At the financial year ended December 31, 2019, approximately 41.00% of the Derrimon Group's assets totalling J$2.39 billion were financed using debt. At the same date the Derrimon Group had a debt to equity ratio of 2.60 to 1.00.

15.13 The Derrimon Group's ability to make payments on (or to refinance) indebtedness will depend upon its ability to generate cash from operations in the future. The Derrimon Group's operational performance is subject to general economic conditions, financial, legislative and regulatory factors that are beyond its control. Consequently there is a risk that the businesses may not generate sufficient cash flow from operations, investment or financing to enable it to pay its indebtedness or to fund its other cash needs. In such case the Derrimon Group may need to sell assets, seek additional equity, reduce, restrict and/or delay the implementation of strategic business initiatives. There is also a chance that the Company may be declared bankrupt, become insolvent, liquidated or otherwise reorganise or restructure its indebtedness.

15.14 During the financial year ended December 31, 2019 the Derrimon Group took steps to extend the maturity profile of its indebtedness and to refinance certain United States Dollar denominated debt with Jamaican Dollar denominated debt. Those actions reduced the average borrowing rate of the Company by 225 basis points.

15.15 Part of the proceeds from this Additional Public Offer will be used to fully liquidate indebtedness which will further reduce the Derrimon Group's leverage position.

Share Price Volatility

15.16 Following their proposed admission to trading on the JSE the New Ordinary Shares may experience volatility in their market price, or flat trading (being very infrequent trades or insignificant volumes of trading), either of which may extend beyond the short term and which may be dependent on the Derrimon Group's financial performance, as well as on investors' confidence and other factors over which the Derrimon Group has no control. In either case the market price of the New Ordinary Shares may be negatively affected or shareholders that wish to sell may only be able to do so at a discount.

Commodity Risk

15.17 The Derrimon Group imports and sells a significant portion of its Fast Moving Consumer Goods (FMCG). The Derrimon Group also maintains these and other products in its inventories. The price at which the Derrimon Group may buy and sell its commodities is affected by the overall global market for those commodities. Significant volatility in price of these commodities could negatively impact the Derrimon Group's profitability.

15.18 The Derrimon Group mitigates this risk by entering into commodity contracts in respect of its future requirements. The Derrimon Group also closely tracks the spot price of imported rice and may purchase rice in advance if it determines that the spot market is likely to increase significantly.

Macroeconomic Policies

15.19 The Government of Jamaica and the Bank of Jamaica may from time to time affect macroeconomic conditions through fiscal and monetary policies or changes in regulations, which may have an adverse impact on the performance of the Derrimon Group.

Concentration Risk – Key Suppliers and Key Customers

15.20 The Company's products are supplied by a relatively few key suppliers inclusive of Nestlé Jamaica Limited, and its revenues are generated from sales to a relatively few large key customers. If any one or more of these suppliers or customers was to change the terms of its course of dealing such that it was adverse to the Company or to fail to continue to supply goods to it, or purchase goods from it (as the case may be) the revenues and profits of the Company may decrease while the Company seeks to implement alternative business strategies.

Key Personnel

15.21 It is very important that the Derrimon Group attract and retain appropriately skilled personnel, including Chief Executive Officer, Derrick Cotterell, and Chief Financial Officer, Ian Kelly to facilitate growth, establish new divisions and to replace personnel whose employment may be terminated for any reason. Competition for qualified personnel can be intense, as there are a limited number of people in Jamaica with the requisite knowledge and experience required by the Derrimon Group. The Derrimon Group will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on its operations and performance.

Market Share and Competition

15.22 Some of the business segments in which the Derrimon Group operates are competitive. Some of these markets are impacted by informal traders who being informal are less susceptible to reputational damage and impairment of goodwill than more established companies. Accordingly whilst the Derrimon Group must adhere to industry standards, some of the informal traders do not adhere. This may lead to an uneven playing field where the more established businesses are at a cost disadvantage in the short term. The competition in some of the business segments has resulted in an oversupply of some goods and significant price pressure.

15.23 The Derrimon Group has taken steps to increase its economies of scale including expanding its warehouse space as well as diversifying its revenue stream with acquisitions such as Woodcats International Limited and Caribbean Flavours and Fragrances Limited.

Product Liability Risk

15.24 The Derrimon Group distributes products manufactured by other suppliers, but it may be sued by customers or other persons who suffer harm as a user of those products. The Derrimon Group carries insurance that cover against third party liability risk as well as product liability risk, however such cover may not be adequate in a given circumstance, or it may not be available at all in accordance with the terms and conditions of any particular insurance policy. In the latter event, the expenses of the Derrimon Group would increase and the profits of the Derrimon Group may decrease.

Money Laundering, Fraud and Similar Unauthorized Activity

15.25 The operations of the Derrimon Group are susceptible to the risk of money laundering, and employee fraud and unauthorised trading activity. The Derrimon Group has established internal controls and administrative systems to deter and detect such risks.

Risks of Hurricane, Fire and Other Acts of God

15.26 Natural disasters or unfavourable weather conditions in the geographic regions in which the Derrimon Group operates could have a negative impact on the Company's overall performance. Changing weather patterns, along with the increased frequency or duration of extreme weather and climate events could also impact some of the Group's source and end markets and the prices of certain commodities traded by the Derrimon Group. The Derrimon Group continuously seeks to conduct research in an effort to determine how to mitigate these risks.

Tax Concession Risk

15.27 The Company presently benefits from a ten (10) year concessionary tax regime whereby: (a) during the first five (5) years after initial admission to the Junior Market, the Company benefits from a full exemption from the payment of income tax; and (b) for the subsequent five year period the Company benefits from a 50% exemption from income tax.

15.28 In order to qualify for the concessionary tax regime the Company must satisfy certain conditions specified in the applicable legislation including: (a) the Company must remain listed on the Junior Market or the Main Market for a combined continuous period of not less than fifteen (15) years from the date of initial admission; (b) the subscribed participating voting share capital shall not exceed J$500 million or other amount set by the Minister; and (c) the Company must not benefit from any other income tax incentive, exemption, remission or other benefit granted under another enactment.

15.29 Since December 17, 2013 when its ordinary shares were listed on the Junior Market, the Company has met the criteria to benefit from the concessionary tax regime described in sub-section 15.27 above.

15.30 If the Company is suspended from the Junior Market or the Main Market before the expiry of fifteen (15) years from its initial admission it will become retrospectively liable to pay income tax at the rate that would otherwise have been applicable to it during the concessionary period. The Directors of the Company do not at this time have any reason to believe that the Company will be suspended or delisted. The Company has written to the JSE indicating its intention to seek the JSE's consent to remain listed on the Junior Market whilst paying the fees applicable to a company listed on the main market of the JSE. The JSE has indicated by a letter dated December 2, 2020 that it has no objection to the Company's request. The aforementioned letter from the JSE is among the documents available for inspection.

15.31 If this Invitation is successful the Company's subscribed participating voting share capital will exceed the limit of J$500 million by a significant amount. That could cause the Company to lose the 50% exemption from income tax for the three (3) years remaining on the tax concession. The Directors of the Company have considered that possibility and have determined that the potential benefits from the use of proceeds of this Invitation are likely to outweigh the loss of the remaining three (3) years on the tax concession.

15.32 Another risk relating to the concessionary tax regime is that the Government could alter or change the criteria or extent of the concession applicable to the companies listed on the Junior Market of the JSE. The Government has in the past made several such changes and there is a risk that it could make new changes in the future. The Directors of the Company consider it unlikely that any withdrawal or amendment of the concession would have retrospective effect on companies that are already listed on the Junior Market.

Business Risk

15.33 The Derrimon Group's business depends substantially on consumer tastes and preferences that may change in often unpredictable ways. Failure to satisfy changing consumer tastes and preferences could negatively impact the business' performance. The Derrimon Group is constantly reinventing itself as proven innovators to adapt to current and future market changes.

No Guarantee that the Company Will Pay Dividends

15.34 Any dividend on shares will be dependent upon the performance of the Company and its subsidiaries. The Company's dividend policy is set out at Sub-Section 10.3 above and should not be construed as a dividend forecast. Under Jamaican law a company can only pay dividends to the extent that it has distributable reserves and cash on hand to pay such dividends. Even where the Company has distributable reserves the Directors may decide not to pay a dividend if to do so would render the Company inadequately capitalized or if for any other reason the Directors determine that paying a dividend at that time would not be in the best interest of the Company. No dividend can be paid unless recommended by the Directors.

Statutory & General Information

16

16 STATUTORY & GENERAL INFORMATION

Statutory Information required to be set out in the Prospectus by section 42 and the Third Schedule to the Companies Act.

16.1

a. The Company has no founders or management or deferred shares.

b. The Articles of Incorporation of the Company does not fix a shareholding qualification for directors and none have been otherwise fixed by the Company in general meeting. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:

i. "Subject to Article 123, the remuneration of the Directors shall be such amount as the board of Directors, or any appropriate committee of the board of Directors, may determine. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company." -Article 82.

ii. "A director of the Company may be or become a Director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other company unless the Company otherwise directs." -Article 84.

iii. "A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established." -Article 94(3).

iv. "Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a director or his firm to act as auditor to the Company." -Article 94(5).

v. "The Directors may give or award pensions, annuities, gratuities, guarantee loans and superannuation or other allowances or benefits to any persons who are or have at any time been Directors of or employed by or in the service of the Company, or any company which is a subsidiary of the Company and to the wives, widows, children and other relatives and dependants of any such persons, and may set up, establish, support and maintain pension, superannuation or other funds or schemes (whether contributory or non-contributory) for the benefit of such persons as are hereinbefore referred to or any of them or any class of them. Any Director shall be entitled to receive and retain for his own benefit any such pension, annuity, gratuity, allowance or other benefit, and may vote as a Director in respect of the exercise of any of the powers of this Article conferred upon the Directors notwithstanding that he is or may be or become interested therein." -Article 96.

vi. "A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the board of Directors, or any appropriate committee of the board of Directors, may determine." -Article 123.

c. The names and descriptions of the Directors of the Company are set out in Sub-Section 21.1* of this Prospectus. The residential addresses of the Directors are as follows:

Name of Director	Residential Address
Derrick Cotterell	11 Melwood Avenue, Kingston 8
Monique Cotterell	11 Melwood Avenue, Kingston 8
Ian Kelly	3 Gwendon Park Avenue, Norbrook, Kingston 8
Earl Anthony Richards	30 Norbrook Acres Drive, Kingston 8
Winston Thomas	Unit 13, 35B Upper Waterloo Road, Kingston 8
Alexander I.E. Williams	12 Lakehurst Drive, Kingston 8
Paul Buchanan Jr.	Apt 1, 27 Rochester Avenue, Kingston 19

16.2

a. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "Minimum Subscription") is J$3.50 billion. The Company also intends to pay the expenses associated with the Invitation out of the proceeds, which it estimates will not exceed J$205.25 million (inclusive of brokerage fees, legal fees, auditor's and accounting fees, registrar fees, listing fees and General Consumption Tax).

16.3

a. The Invitation will open for subscription at 9:00 a.m. on January 6, 2021 and will close at 4:30 pm on the Closing Date, January 26, 2021, subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the New Ordinary Shares offered under this Prospectus, or to extend the Closing Date subject to any applicable restrictions in the Companies Act, 2004.

b. The Subscription Price per New Ordinary Share is set on the first page of this Prospectus. Such subscription price is payable in full on application. No further sum will be payable on allotment by the Company.

c. The Company has not invited applications for subscription of New Ordinary Shares to the public within the two (2) preceding years.

16.4 No person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.

16.5

a. The Table below discloses the relevant assets or liabilities as at December 31, 2019, pursuant to paragraph 5 of Part 1 of the Third Schedule to the Companies Act, 2004.

Asset/Liability	Aggregate Amount
(a) Trade investments, (b) Quoted investments other than trade investments (c) Unquoted investments other than trade investments	Nil J$31.30 million Nil
Goodwill, patents, trade marks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as it is shown or ascertainable and as so shown or ascertained, as the case may be	J$33.20 million
Bank loans and overdrafts	J$1.90 billion
Net Amount recommended for distribution of dividend	J$32.80 million

16.6 For the purposes of paragraphs 7 and 8 of Part 1 of the Third Schedule to the Companies Act, 2004, the Company hereby confirms that it does not propose to purchase or acquire with the proceeds of the APO any specific property which can be identified. Although the Company does expect to use the proceeds to acquire a business(es) within a particular industry and the Company has identified two (2) potential acquisitions the Company has not entered into a definitive agreement with any of those companies.

16.7 Paragraph 7 of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable to the APO as there is no identifiable property which the Company intends to purchase from the APO proceeds.

16.8 Paragraph 8 of Part 1 of the Third Schedule to the Companies Act, 2004 is inapplicable to the APO as there is no identifiable property which the Company intends to purchase from the Net APO proceeds.

16.9

a. Within the two (2) preceding years of the date of this Prospectus no commissions have been paid, nor will any be payable to anyone by the Company for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any agreeing to procure subscriptions for any shares or debentures of the Company. Other securities dealers and investment advisors may be contracted by Barita on such terms as they may deem appropriate to distribute the New Ordinary Shares.

b. The APO & Listing Expenses (estimated at J$205.25 million) will be borne by the Company and be paid out of the APO proceeds.

c. No payment or benefit has been paid or given or will be paid or given to any of the Directors or any other person as promoter of the Company within the preceding two (2) years or at all.

16.10 The issue is underwritten by Barita Investments Limited up to a maximum of J$3.5 billion.

16.11 The following material contracts, not being contracts entered into in the ordinary course of business or a contract entered into more than two (2) years before the date of this Prospectus, have been entered into by the Company with the following persons ("Counterparties"):

Date	Counterparty	Additional Details
March 15, 2017	VDWSD Limited	Joint Venture Agreement for the operation of Select Grocers Supermarket at Shop # 13, Upper Manor Park Plaza.
September 3, 2018	S.M. Jaleel & Company Limited	Appoints the Company as exclusive distributor for S.M. Jaleel & Company Limited's soft drinks, juices, juice-flavoured beverages and energy drinks.
October 15, 2020	Barita Investments Limited	Agreement to Underwrite this Invitation.
October 15, 2020	Barita Investments Limited	Appointment of Barita as Lead Broker and Arranger.

16.12 The name and address of the auditors to the Company is:

McKenley & Associates
Chartered Accountants
Unit 11
Seymour Park
2 Seymour Avenue
Kingston 6

16.13 The Company was incorporated in Jamaica under the Companies Act, 2004 (or predecessor legislation) on 21 December 1998.

16 STATUTORY & GENERAL INFORMATION

16.14 The share capital of the Company consists of two classes of shares, namely Ordinary Shares and Preference Shares. All Ordinary Shares rank *pari passu* in respect of entitlements to return of surplus capital on a winding up, payment of dividends declared on the Ordinary Shares and voting rights. The Preference Shares, rank ahead of the Ordinary Shares in respect of their right to a return of capital and the payment of any cumulative preference dividends, but only have voting rights in the Company in narrowly prescribed circumstances fixed by the terms of issue.

16.15 The Company's intellectual property and real property are as follows:

a. Intellectual Property

16.15.1 The Company has registered the following trademarks for use in Jamaica:

1. Trademark Number 63678 - Derrimon Trading Co. Ltd Words and Logo - classes 16,18,25,35,39 (valid until 11/11/2023):

2. Trademark Number 63679 - Sampars Cash 'N' Carry Words and Logo - classes 16,18,25,35,39 (valid until 11/11/2023):

Trademark Number 54636 - Delect Logo Words and Logo – classes 16, 29, 30 (valid until 15/10/ 2019) (renewal in process):

b. Real Property

16.15.2 As at the date of this Prospectus, the Company has the following interests in real property:

Type of property	Nature of Interest	Other details
235 Marcus Garvey Drive and comprising Derrimon Warehouse 1 (32,017 sq. ft.) and Derrimon Warehouse 2 (22,800 sq.ft) St. Andrew	Leasehold	Let to the Company for a 10 – year term commencing November 2010 for an aggregate monthly rental of J$1,387,608 inclusive of GCT (no additional maintenance charges are payable). Lease contains an option to purchase the premises at market value or as may be agreed. Lessor is the Trustee in Bankruptcy of Cash Plus Limited. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature. The Company is presently a holdover tenant as negotiations for a new lease are on-going.
231 – 233 Marcus Garvey Drive, comprising the Sampars retail outlet and comprising Warehouse no. 4 St. Andrew	Leasehold	Let to the Company for a 10 – year term commencing November 2010 for an aggregate monthly rental of J$611,650 inclusive of GCT (no additional maintenance charges are payable). Lease contains an option to purchase the premises at market value or as may be agreed. Lessor is the Trustee in Bankruptcy as noted above. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature. The Company is presently a holdover tenant as negotiations for a new lease are on-going.
10 Brome Close, Ziadie Gardens, Kingston 20 St. Andrew	Freehold	Purchased by the Company in December 2011, for J$60 million excluding taxes and transaction costs.

Type of property	Nature of Interest	Other details
60-62 West Street, Downtown Kingston Kingston	Leasehold	Let to the Company for a 10 – year term commencing May 2012 for a current monthly rental of J$450,000 inclusive of GCT. The lease contains a right of first refusal in favour of the Company in the event that the lessor wishes to sell the property. The Lessor is Price Wise Central Ltd. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature.
Hargreaves Complex, Mandeville	Leasehold	Let to the Company for 7 years from 1 June 2013. The Lessor is the Mandeville Agricultural Complex Limited. The lease is terminable by the lessor in the event of the Company's non – payment of rent for 30 days or more and other circumstances set out in the lease, which also contains the standard commercial terms and conditions that are typically found in a document of its nature. The lease was renewed for an additional three (3) years commencing July 1, 2020 at a monthly rent of J$ 158,156 inclusive of GCT. The lease also contains a right of first refusal for the Company in respect of any lease proposed to be entered into for the same premises, by another tenant.
3 Ascot Drive, Old Harbour, Saint Catherine	Leasehold	Lease agreement dated as of October 2014, J$813,000.00 inclusive of GCT payable monthly.
3 Harbour Street, St. Ann's Bay, St. Ann	Leasehold	Lease Agreement with June Chin for the rental of Building and Parking Lot for ten (10) years with the option to renew for US$6,000 plus GCT payable monthly and monthly Parking lot fee of US$1,040 plus GCT effective date March 1, 2015.

Type of property	Nature of Interest	Other details
1-3 Retirement Road, Kingston 5 St. Andrew	Leasehold	Agreement with One Retirement Limited for the rental of 15,000 sq. ft. for ten (10) years with the option to renew for a further term of two (2) years for US$23,800.00 plus GCT payable monthly and monthly maintenance of US$200.00 plus GCT effective date January 15, 2017.
Shop # 13 Upper Manor Park Plaza, Manor Park, Kingston 8 St. Andrew	Leasehold	Agreement with Jamaica Property Company Limited for the rental of 42,208 sq. ft. for five (5) years at a price of US$18.44 per sq. ft. plus G.C.T., and an annual increase based on US CPI plus 2%. Effective March 10, 2017.
Ferry Pen, Six Miles (105,000 sq. ft.) Warehouse St. Catherine	Leasehold	Agreement with T.W. Metals Limited for the rental of 105,000 sq. ft. of warehouse space for ten (10) years at a price of US$6.00 per sq. ft. plus G.C.T. payable monthly effective October 1, 2019 at Ferry Pen, Six miles.
233 Marcus Garvey Drive (8,458 sq. ft.) office space St. Andrew	Leasehold	Agreement with T.W. Metals Limited for the rental of 8,458 sq. ft. of office space at 233 Marcus Garvey Drive for ten (10) years at a price of US$2.00 per sq. ft. payable monthly effective July 1, 2020.
Millennium Mall Curatoe Hill (42,331 sq. ft.) Clarendon	Leasehold	Agreement with Sagicor Life Jamaica Limited for the rental of 42,331 sq. ft. of space for a period of 20 years, ranging from J$1,299.40 to J$1,625.35 per sq. ft. in the first five years plus G.C.T at the Millennium Mall at Lot 1 Curatoe Hill, Mineral Heights, Clarendon.

16.16 Security Interests Registered on Assets of the Company

16.16.1 As at the date of this Prospectus the security interests registered on assets of the Company are as follows:

Date Registered	Chargor	Collateral Description
18/09/2015	First Global Bank Limited	2016 Audi Q5
24/09/2015	JCSD Trustee Services Limited	Accounts Payable, Accounts Receivables, Agricultural Equipment, Agricultural Products (Crops, Livestock, Fish Farm), Bank Accounts, Construction Equipment, Durable Goods, Fixture, Furniture, Industrial Equipment, Intellectual Property Rights, Inventory, Minerals, Office Equipment, Other Raw Goods, Goods in Process, Secured Sales Contracts, Securities, Vehicles.
06/06/2016	First Global Bank Limited	2016 Isuzu FRR 10.4 Ton Truck and Chassis
19/08/2016	National Commercial Bank Jamaica Limited	2012 Toyota Hiace
05/11/2016	National Commercial Bank Jamaica Limited	2014 Mazda BT-50
05/11/2016	National Commercial Bank Jamaica Limited	2012 Toyota Regiusace
01/09/2017	Sagicor Bank Jamaica Limited	8-10 Broome Close, Ziadia Gardens, Kingston 20 registered in the book of Titles at Volume 1489 Folios 647 and 648.

Date Registered	Chargor	Collateral Description
13/12/2017	Bank of Nova Scotia Jamaica Limited	2017 BMW
16/08/2018	JN Bank Limited	2018 White Shacman L3000
16/08/2018	JN Bank Limited	2018 White Shacman L3000
16/08/2018	JN Bank Limited	2018 White Shacman Truck
05/12/2018	Sagicor Bank Jamaica Limited	Accounts Receivables, Bank Accounts, Durable Consumer Goods, Fixtures, Furniture, Industrial Equipment, Intellectual Property Rights, Inventory, Office Equipment, Other Raw Goods and Goods in Process, Secured Sales Contracts, Securities, Vehicles

16.17 McKenley & Associates have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditor's Report, and the complete audited financial statements of the Company for the financial year ended December 31, 2019, and their name in the form and context in which it is included. The Auditor's Consent is set out in Appendix 5 hereto.

Consents

17

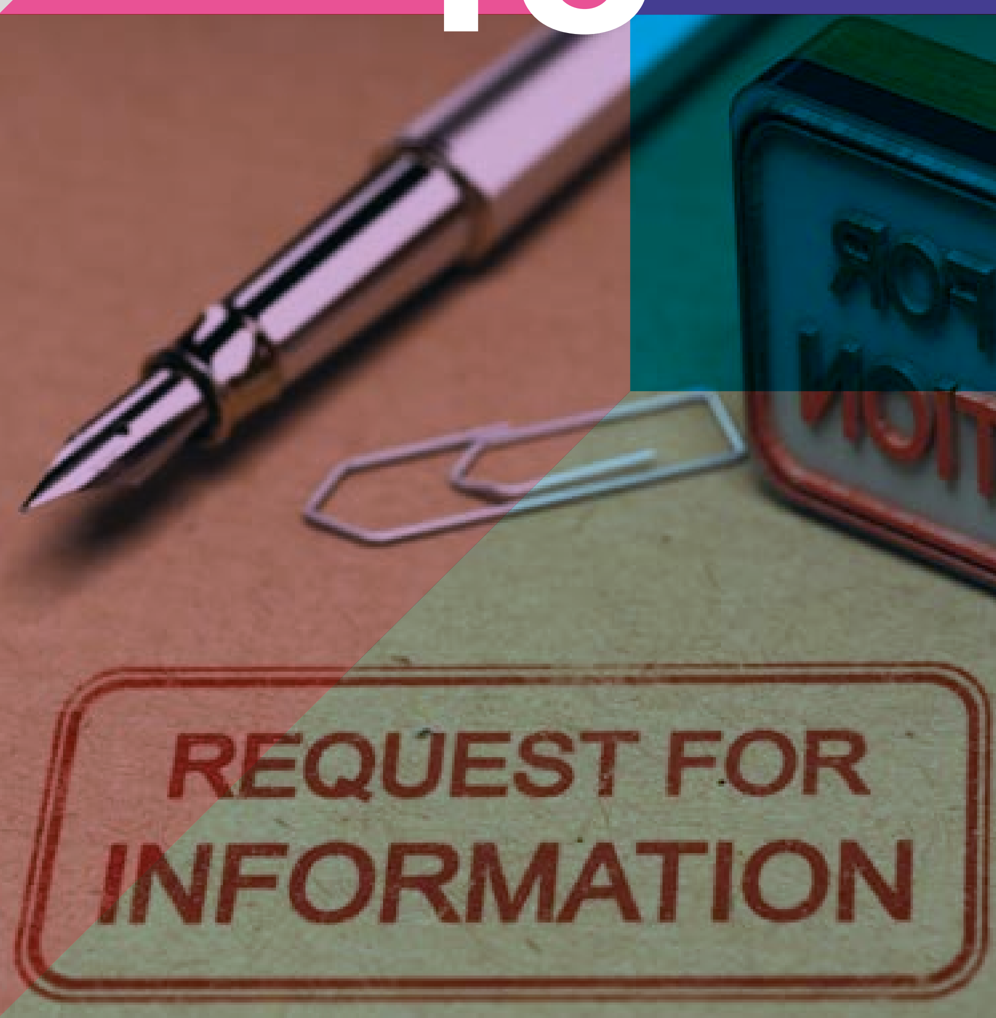
17 CONSENTS

17.1 McKenley & Associates, the Auditors of the Company, have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion therein of a copy of their Auditor's Report in the form and context in which it is included.

17.2 The Directors of the Company have given and have not withdrawn their written consent to the issue of the Prospectus and the inclusion therein of all material facts relevant to the Company as required by the Act.

Documents Available for Inspection

18



18 DOCUMENTS AVAILABLE FOR INSPECTION

During the period that the Invitation remains open for subscription for New Ordinary Shares, the following documents will be available for inspection on any weekday from December 14, 2020 to the Closing Date being January 26, 2021 (subject to early closing once fully subscribed) during the hours of 9:00 am to 4:30 pm, at the office of Patterson Mair Hamilton, Temple Court, 85 Hope Road, Kingston 6:

a. Written consent of the Auditors, McKenley & Associates;

b. Written consent of the Directors of the Company;

c. Audited financial statements of the Company for the five (5) financial years ended December 31, 2019 inclusive;

d. The material contracts referred to in Sub-Section 16.11;

e. The amended Articles of Incorporation of the Company; and

f. Letter from the JSE dated December 2, 2020 indicating the JSE has no objection to the Company's request to remain listed on the Junior Market if this Invitation is successful.

Directors' Signatures

19

19 DIRECTORS' SIGNATURES

Signed on behalf of Derrimon Trading Company Limited by its Directors on this the 14th day of December 2020.

Derrick Cotterell
Chairman & Chief Executive Officer

Monique Cotterell
Company Secretary & HR Director

Ian Kelly
Chief Financial Officer

Winston Thomas
Non-Executive Director

Earl Anthony Richards, C.D.
Non-Executive Director

Alexander I.E. Williams
Non-Executive Director

Paul Buchanan Jr.
Non-Executive Director

Appendix 01:

Application Form & BOSS Instructions

DERRIMON TRADING COMPANY LIMITED

ADDITIONAL PUBLIC OFFER OF NEW ORDINARY SHARES

PLEASE READ CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

To: Derrimon Trading Company Limited ("Derrimon")

RE: Invitation for subscription in respect of 1,498,698,931 New Ordinary Shares (with the ability to upsize to 1,800,000,000 New Ordinary Shares) being offered pursuant to the Prospectus dated December 14, 2020 (the "Prospectus"). Please select Application Type (as per the description set out in the Prospectus):

☐ Existing Shareholders

☐ Derrimon Team Member

☐ Key Investors

☐ Lead Broker's Clients

☐ Non-Reserved Shares (General Public)

I/we confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference. Capitalized words and expressions used herein shall bear the same meanings as are ascribed thereto in the Prospectus.

I/we hereby apply for ____________________ New Ordinary Shares in Derrimon Trading Company Limited, on and subject to the terms and conditions of the Invitation set out in the Prospectus, as follows.

- Existing Derrimon Trading Company Limited Shareholders at a price of $2.20
- Derrimon Team Members at a price of $2.20
- Key Investors at a price of $2.40
- Lead Broker's Clients at a price of $2.40
- Non-Reserved Shares (General Public) at a price of $2.40

I/we agree to make payment for the sum of J$___________________________.00 for my subscription plus the JCSD processing fee of J$172.50 (as applicable) using an Approved Payment Method as described in Sub-Section 6.4.6 of the Prospectus.

APPENDIX 1 – APPLICATION FORM & BOSS INSTRUCTIONS

I/we agree to accept the above or any smaller number of New Ordinary Shares in respect of which this Application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of Derrimon Trading Company Limited, by which I/we agree to be bound.

I/we request you to issue to me/us, and I/we irrevocably agree to accept, the number of New Ordinary Shares, which may be allocated and issued to me/us at the close of the Invitation upon the terms and conditions governing the Application as set forth in the Prospectus.

Instructions for completing Application Form: Please see below notes concerning the completion of this Application Form. All fields in this Application Form are relevant and must be completed as applicable. If you already have an account with the JCSD, please ensure that you indicate your JCSD Number.

TO BE COMPLETED BY PRIMARY HOLDER (INDIVIDUAL OR COMPANY)

Title	First Name	Middle Name	Surname/Company Name

D.O.B.	Date of Incorporation	TRN / Registration Number
Identification Type	Nationality	Occupation
Telephone #	JCSD #	Broker Code #

Address: ______________________________

______________________________ Email: ______________________________

Signature (Individual)	Director (Signature)	Director/Secretary (Signature)

SEAL

Joint Account Holder 1

Title	First Name	Middle Name	Surname

D.O.B.	Identification	Nationality

TRN #	Occupation	Telephone #	Signature

Joint Account Holder 2

Title	First Name	Middle Name	Surname

D.O.B.	Identification	Nationality

TRN #	Occupation	Telephone #	Signature

Joint Account Holder 3

Title	First Name	Middle Name	Surname

D.O.B.	Identification	Nationality

TRN #	Occupation	Telephone #	Signature

Approved Payment Method

SUBSCRIPTION PAYMENT(S) J$	
☐ J$ Manager's Cheque drawn on a local commercial bank payable to my Stockbroker, Barita Investments Limited or an approved Selling Agent	☐ Debit my account #________________ ____________________ held with my Stockbroker.
☐ Transfer via RTGS/ACH to my stockbroker	☐ Debit my Barita Equity Account # ___________________________

Refund Details

Refund Options (Please select preferred option)	☐ Manager's Cheque ☐ RTGS/ACH
Refund Payment Instructions for RTGS/ACH	
Bank Name	
Branch Address	
BIC/SWIFT	
Beneficiary Name	
Beneficiary Account Number	

Dividend Mandate

Dividend Mandate Option (Please select preferred option)	☐ Same as Refund Mandate ☐ Alternative Dividend Mandate
Refund Payment Instructions for RTGS/ACH	
Bank Name	
Branch Address	
BIC/SWIFT	
Beneficiary Name	
Beneficiary Account Number	

Notes on how to complete the application form

1. If you are in doubt as to how to complete this Application Form, please consult your financial advisor or stockbroker.

2. Applications must be for a minimum of 1,000 shares with amounts above this in multiples of 100 shares.

3. All completed Applications must be delivered to your broker for delivery by them to the JCSD on or before the Closing Date.

4. Primary Applicants must be at least 18 years old and be an eligible investor as defined in the Prospectus.

5. If you are applying jointly with any other person, you must complete the Joint Account Holder information section(s) and each joint holder must sign the Application Form at the place indicated.

6. All Applicants must attach copies of their Government issued identification as well as their TRN card (if ID provided is not a Jamaican Driver's License displaying their TRN) and in the case of applicable Reserved Share Applicants, Relevant IDs must also be provided.

7. The New Ordinary Shares allotted to successful Applicants will be credited to their accounts at the JCSD.

APPENDIX 1 – APPLICATION FORM & BOSS INSTRUCTIONS

8. Any refund due will be made to your account number provided on the Application Form or by a manager's cheque.

9. Applicants must submit their completed Application Form to their broker along with payment for the specified number of New Ordinary Shares you have applied for by way of an Approved Payment Method.

10. Applicants submitting Applications through any authorised selling agent, collecting agent, or stockbroker must pay such selling agent, collecting agent, or stockbroker, who will submit their Application Form and make payment to Barita Investments Limited on the Applicant's behalf. Note that Derrimon Trading Company Limited will not accept any responsibility for failure by any selling agent, collecting agent or stockbroker to submit Application Forms on a timely basis.

11. An Approved Payment Method shall be any of the following:

    a. Manager's cheque payable to the Applicant's stockbroker, Barita Investments Limited and/or any of the approved Selling Agents for amounts less than J$1,000,000.00;

    b. Cleared funds held in an equity/investment account in the Applicant's name at Barita supported by an authorization from the Applicant instructing Barita to transfer the payment to their Barita JCSD account;

    c. Transfer from the Applicant's account held with the Applicant's stockbroker;

    d. Transfer in the Real Time Gross Settlement (RTGS) system to;

    FIRSTCARIBBEAN INTERNATIONAL BANK (JAMAICA) LIMITED
    SWIFT Code: FCIBJMKN
    Bank Name: FirstCaribbean International Bank (Jamaica) Limited
    Branch: New Kingston Branch, 23 – 27 Knutsford Boulevard, Kingston 5.
    Account Name: Barita Investments Limited
    Chequing Account Number: #1002277967

    Payment Reference: "Applicant's Name" – Derrimon APO; and

    e. Transfer via the Automated Clearing House (ACH) to the Applicant's stockbroker.

A penalty of J$5,000.00 is imposed by commercial banks in Jamaica in respect of cheques (including manager's cheques) tendered for payment in an amount greater than or equal to J$1,000,000.00.

THIS SECTION FOR BROKER USE ONLY

DATE APPLICATION RECEIVED: TIME RECEIVED:

RECEIVED BY: ______________________ SIGNATURE: ______________________

PAYMENT METHOD:

Cheque ☐

Internal Transfer ☐

RTGS/ACH ☐

BOSS Iinstructions

BOSS is a digital online securities solution tool that will allow Applicants to submit Applications for EPOs (Electronic Public Offerings).

HOW TO USE

NEW USER SIGN UP

1. Visit our web address **www.baritaboss.com**
2. Sign up by clicking the "Buy APOS with BOSS" link
3. Enter your details (Name, email address, mobile number, create a password)
4. Click on the "create an account" button
5. Sign into the email address provided to activate your BOSS account- hit the activation link
6. Sign into BOSS
7. Select available offer – Click APPLY NOW
8. Enter the amount you wish to invest in the invitation/issue
9. Select your share pool
10. Click on the "continue" button
11. Read and accept the Terms of Use
12. Select the correct response to "Would you like to use an existing JCSD Number"

Follow the below to complete the form based on your responses

a. Barita Clients are required to select the correct response to having a "Barita Online Account (Y/N)"
b. Enter your JCSD and Broker details
c. Complete the Application Form

If you have indicated that there are Joint Holders then please note that an email notice of the Application will be sent to the Joint Holders for them to confirm and apply their signature in order to complete submission of the Application.

d. Upload a copy of your Driver's Licence or TRN

APPENDIX 1 – APPLICATION FORM & BOSS INSTRUCTIONS

e. Sign the electronic signature form or download form for signing and upload
f. Enter payment verification information
g. Review your Application
h. Submit Application
i. You can view and track your Application at any time by signing into BOSS

EXISTING BOSS USERS:

1. Visit our web address www.baritaboss.com
2. Hit the Log In button
3. Enter credentials
4. Select available offer – Hit APPLY NOW
5. Enter the amount you wish to invest in the invitation/issue
6. Select your share pool
7. Click on the “continue” button
8. Read and accept to the Terms of Use
9. “Would you like to use an existing JCSD Number” - Select/ Enter your JCSD and Broker details

Please note that for quicker application submission certain steps may have been saved for you. Please review to ensure that the information has not changed.

10. Complete application form

If you have indicated that there are Joint Holders then please note that an email notice of the Application will be sent to the Joint Holders for them to confirm and apply their signature in order to complete submission of the Application.

a. Upload a copy of your Driver’s Licence or TRN
b. Sign electronic signature form or download form for signing and upload
c. Enter payment verification information
d. Review your Application
e. Submit Application
f. You can view and track your Application at any time by signing into BOSS

Appendix 02:

Auditor's Report & Audited Financial Statements for the Financial Year ended December 31, 2019

FINANCIAL STATEMENTS INDEX

31 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

STATUTORY FINANCIAL STATEMENTS

McKENLEY & ASSOCIATES
CHARTERED ACCOUNTANTS
2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Report on the Audit of the 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 2019, and of its consolidated and stand-alone financial performance and its consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act (the Act).

What we have audited

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

- The Group and Company statements of comprehensive income for the year ended 31 December 2019.
- The Group and Company statements of financial position as at 31 December 2019.
- The Group and Company statements of changes in equity for the year ended 31 December 2019.
- The Group and Company statements of cash flows for the year ended 31 December 2019.
- The notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under these standards are further described in the *Auditor's 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.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Our Audit Approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatements in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgments, 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.

Our 2019 audit was planned and executed having regard to the fact that the operations of the Group remain largely unchanged from the prior year, except the 100% acquisition of a subsidiary on 6 September 2018.

Our Group audit approach

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.

The entities of the Group are all located in Jamaica. These entities maintain their own accounting records and report to the Group through the completion of consolidation packages. One company is audited by other independent accountants and it has adjusted its year end to report as at 31 December 2019, the effective year end of the Group. Based on the financial significance of the individual entities and our professional judgment, all the companies were selected for full scope audit procedures to achieve appropriate coverage on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand- alone financial statements for the year ended 31 December 2019. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that the key audit matters to be communicated in our report relate, to the Group financial statements, as noted below:

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Key Audit Matters (continued)

Borrowings

Refer to notes 2 (s) and 29 to the financial statements for management's disclosures of related accounting policies, judgments and estimates relating to borrowings. As at 31 December 2019, long and short-term borrowings inclusive of preference shares and overdraft facilities, and excluding long term lease liabilities represented $.2.39 Billion (2018 - $1.67 Billion) or 41% (2018 – 41%) of the total assets 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 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. Management has also restructured a significant portion of its short term to long term debt. 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 the risk profile of the Parent Company.

We 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 bank accounts. We 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 Group. We did not identify any negative correspondence from any financial institutions that indicated that the Company and the Group were in breach of its stipulated covenants or loan repayment terms. We 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 has satisfied the concerns by providing us with evidence which supports the continued restructuring of a significant portion of its bullet payment short term debt to long-term syndicated facilities.

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. 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.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Key Audit Matters (continued)

Allowance for expected credit loss

Refer to the financial statements for management's disclosures of related to *notes 2 (o) and note 18* accounting policies, judgments and estimates relating to allowance for expected credit loss (ECL).

As described in Note2 (l) the Company applies a simplified approach in calculating Expected Credit Losses (ECL) as it relates to its trade receivable balances. As a result of this approach, the Company does not track changes in the credit risks associated with its individual receivable balances but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. Based on IFRS 9, "Financial Instruments", the Company has established a provision matrix for the Company and Group that is based on its historical credit loss experience, past and current economic circumstances which adjusted for forward looking factors specific to the debtors.

The process of developing an ECL model requires management to use estimates and judgments which are by their nature inherently subjective.

In undertaking our audit work relating to the ECL model, we performed the following:

- We obtained a deeper understanding of the Company's and Group implementation process for determining the impact of the adoption of the ECL model
- We evaluated the techniques and methodologies used by the Company and Group to estimate the ECLs of the overall receivable balances. We assessed their assumptions to ensure alignment and compliance with the requirements of IFRS 9.
- We assessed the reasonableness of the methods and associated assumptions used by validating the completeness of the inputs used to derive the computed loss rates relating to the ECL for trade receivables.
- We evaluated the ECL computed impairment provision against the total balances over 90 days, along with known potential bad debt situations by certain customers to determine whether the ECL calculated figure was reasonable.

  We are satisfied that the ECL impairment provision of $32 million that represents 3.3% of the trade receivable balance of the Company is fairly stated as at 31 December 2019.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report inclusive of the Directors', Chairman of the Board and the Chief Executive Officer Reports but does not include the consolidated financial statements and our Auditor's Report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover Other Information, and we do not express any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information referred to above when it becomes available and, in doing so, we will consider whether the other information is materially consistent with the consolidated financial statements or whether knowledge obtained by us from the audit or otherwise, appear to indicate any material misstatements.

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

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

Key Audit Matters (continued)

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 misstatements, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group 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, Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's and Company's financial reporting process.

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

The objectives of our audit are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of reliability but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA) 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 based on 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 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 to express an opinion on the effectiveness of the Group' and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 a fair presentation.
- 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 and 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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 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 the Board of Directors of the Group 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.

Independent Auditor's Report

To the Members of
Derrimon Trading Company Limited

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

We also provide the Board of Directors 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 the Board of Directors, 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 auditor's report unless law or regulation precludes public disclosures about the matter 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.

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 auditor's report is Wilfred McKenley.

McKenley & Associates

Chartered Accountants

27 February 2020
Kingston, Jamaica

	Note	2019 $'000	2018 $'000
Revenue			
Trading income	2(h)	12,649,017	9,303,460
Less cost of sales		10,370,183	7,612,427
Gross profit		2,278,834	1,691,033
Other income	5	37,767	66,248
		2,316,601	1,757,281
Less operating expenses:			
Administrative	6	(1,279,414)	(1,069,495)
Selling & distribution	6	(408,265)	(233,718)
		(1,687,679)	(1,303,213)
Operating profit before finance costs		628,922	454,068
Finance income		15,408	-
Finance costs	6	(298,604)	(172,223)
Profit before taxation		345,726	281,845
Taxation	11	(43,018)	(4,632)
Net profit being total comprehensive income		302,708	277,213
Net Profit Attributable to:			
Shareholders of the company		290,744	249,120
Non-controlling interests		11,964	28,093
		302,708	277,213
		$	$
Earnings per share	14	0.106	0.091

GROUP STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Non-current assets:			
Property, plant and equipment	15	483,476	457,651
Right of use assets	15	1,039,077	-
Goodwill	16	182,120	163,940
Investments		-	180,411
Intangible assets	16	256,523	233,478
Current assets:			
Inventories	17	1,992,174	1,280,787
Receivables	18	1,033,069	1,166,946
Investments	20	280,599	170,132
Taxation recoverable		6,019	5,999
Cash and cash equivalents	21	509,627	388,751
		3,821,488	3,012,615
Current liabilities:			
Payables	22	976,846	1,149,544
Short term loans	23	536,316	736,416
Current portion of borrowings	25	122,448	69,636
Current portion of lease liability	25	70,601	-
Taxation payable		7,472	8,525
		1,713,683	1,964,121
Net current assets		2,107,805	1,048,494
		4,069,001	2,083,974
Shareholder's equity			
Share capital	27	140,044	140,044
Capital reserves	12	94,638	94,638
Investment revaluation reserve	13	614	614
Retained earnings		934,834	820,343
		1,170,130	1,055,639
Non-controlling interests	24	163,382	162,597
		1,333,512	1,218,236
Non-current liabilities:			
Borrowings	25	1,731,003	862,658
Lease liability	25	1,000,272	-
Deferred tax liability		4,214	3,080
Total equity and non-current liabilities		4,069,001	2,083,974

Approved for issue by the Board of Directors on 27 February 2020 and signed on its behalf by:

Derrick Cotterell
Director

Earl Richards
Director

	Attributable to the Company's Shareholders				Non-controlling Interests	Total Equity
	Share Capital	Capital Reserves	Retained Earnings	Investment Revaluation Reserve		
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2018	140,044	133,053	590,357	614	171,107	1,035,175
Net profit for 2018, being total comprehensive income	-	-	249,120	-	28,093	277,213
Dividend payment	-	-	(19,132)	-	-	(19,132)
Movement during the year	-	(38,415)	-	-	(36,603)	(75,018)
Balance: 31 December 2018	140,044	94,638	820,343	614	162,597	1,218,236
Net profit for 2019, being total comprehensive income	-	-	290,744	-	-	290,744
Dividend payment	-	-	(27,334)	-	-	(27,334)
Dividends paid by subsidiary to non-controlling interest			(8,538)			(8,538)
Movement during the year	-	-	(140,381)	-	785	(139,596)
Balance: 31 December 2019	140,044	94,638	934,834	614	163,382	1,333,512

	Note	2019 $'000	* 2018 $'000
Cash flows from operating activities:			
Net profit before taxation		345,726	281,845
Taxation paid		(43,018)	(4,632)
Changes in non-cash working capital components:			
Depreciation	15	67,088	83,655
Depreciation- right of use	15	96,618	-
Gain on disposal of fixed assets		(176)	(669)
Foreign exchange loss		1,134	–
Non cash adjustments		(11,034)	(60,615)
Inventories		(711,387)	(446,601)
Short-term loans		(200,100)	-
Receivables		133,877	(158,353)
Investments		(110,468)	-
Taxation recoverable		(20)	-
Payables		(172,698)	330,348
Related party balance		1,316	-
Taxation payable		(1,054)	1,680
Net cash (used in)/ provided by operating activities		(604,196)	26,658
Cash flows from Investment activities:			
Proceeds from sale of fixed assets		428	1,650
Right of use	15	(1,135,694)	-
Purchase of fixed assets	15	(84,943)	(159,676)
Intangible asset		(41,223)	-
Investments		29,935	(355,000)
Net cash used in investment activities		(1,231,497)	(513,026)
Financing activities:			
Loans received during the year		1,017,970	817,456
Lease liability		1,074,016	-
Repayment of loans		(99,956)	(191,806)
Dividends paid		(27,334)	(19,132)
Dividends paid by subsidiary to non-controlling interest		(8,538)	-
Exchange loss on foreign cash balances		(723)	-
Deferred tax liability		1,134	3,080
Net cash used in financing activities		1,956,569	609,598
Net increase in cash and cash equivalents		120,876	123,230
Net cash balances at the beginning of the year		388,751	265,521
Net cash and cash equivalents at the end of year		509,627	388,751
Represented by:			
Cash on hand		307,729	51,303
Cash and cash equivalents	21	201,898	337,448
		509,627	388,751

*Reclassified for comparative purposes.

	Note	2019 $'000	2018 $'000
Revenue			
Trading income	2(h)	11,637,878	8,759,236
Less cost of sales		9,608,914	7,244,705
Gross profit		2,028,964	1,514,531
Other income	5	26,864	44,406
		2,055,828	1,558,937
Less operating expenses:			
Administrative	6	(1,098,451)	(964,031)
Selling & distribution	6	(404,861)	(228,106)
		(1,503,312)	(1,192,137)
Operating profit before finance costs		552,516	366,800
Finance costs	6	(297,576)	(170,376)
Profit before taxation		254,940	196,424
Taxation	11	(27,538)	-
Net profit		227,402	196,424
Other comprehensive income, net of taxes		-	-
Total comprehensive income		227,402	196,424
		$	$
Earnings per share	14	0.083	0.072

COMPANY STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
ASSETS			
Non-current assets:			
Property, plant and equipment	15	385,375	380,199
Right of use assets	15	945,179	-
Goodwill	16	33,220	33,220
Deferred tax asset		5	-
Investment in subsidiaries and joint venture	10	942,541	*942,073
Current assets:			
Inventories	17	1,750,852	1,111,289
Investment	20	31,330	*15,736
Receivables	18	845,234	953,980
Taxation recoverable		1,347	-
Cash and cash equivalents	21	491,546	298,539
		3,120,309	2,363,808
Current liabilities:			
Payables	22	902,850	1,090,545
Short term loans	23	535,000	736,416
Current portion of borrowings	25	119,629	67,105
Current portion of lease liability	25	66,302	-
		1,623,781	1,894,066
Net current assets		1,496,528	469,742
Total assets less current liabilities		3,802,848	1,840,970
EQUITY			
Share capital	27	140,044	140,044
Capital reserves	12	94,638	94,638
Investment revaluation reserve	13	614	614
Retained earnings		947,982	747,914
		1,183,278	983,210
Non-current liability:			
Borrowings	25	1,711,454	857,760
Lease liability	25	908,116	-
Total equity and non-current liabilities		3,802,848	1,840,970

* Reclassified for comparative purposes

Approved for issue by the Board of Directors on 27 February 2020 signed on its behalf by:

Derrick F. Cotterell
Director

Earl A. Richards
Director

	Share Capital $'000	Retained Earnings $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Total $'000
Balance at 31 December 2016	140,044	366,307	614	57,503	564,468
Net profit for 2017	-	204,315	-	-	204,315
Realised gains on disposal of shares	-	-	-	39,103	39,103
Increase in capital reserve	-	-	-	36,446	36,446
Balance at 31 December 2017	140,044	570,622	614	133,052	844,332
Net profit for 2018	-	196,424	-	-	196,424
Dividends	-	(19,132)	-	-	(19,132)
Decrease in capital reserve	-	-	-	(38,414)	(38,414)
Net profit for 2019	-	227,402	-	-	227,402
Dividends	-	(27,334)	-	-	(27,334)
Balance at 31 December 2019	140,044	947,982	614	94,638	1,183,278

COMPANY STATEMENT OF CASH FLOWS
YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	* 2018 $'000
Cash flows from operating activities:			
Profit before taxation		254,940	196,424
Items not affecting cash resources:			
Finance costs paid	6	297,576	170,376
Taxation paid		(27,538)	-
Depreciation	15	51,967	49,498
Depreciation – right of use	15	90,918	-
Non-cash adjustments		(8,051)	(74,313)
Deferred tax		-	-
Gain on sale of fixed assets		-	(669)
Operating income before changes in operating assets and liabilities		659,812	341,316
Changes in non-cash working capital components:			
Inventories		(639,563)	(400,694)
Taxation recoverable		(1,348)	-
Receivables		108,746	(281,190)
Current portion – long term loans		-	-
Short term -loans		(201,416)	-
Payables		(187,697)	457,690
Taxation payable		-	-
		(921,278)	(224,194)
Cash (used in)/generated by operations		(261,466)	117,122
Finance costs		(297,576)	(170,376)
		(559,042)	(53,254)
Net cash used in operating activities			
Investment activities:			
Investments		(16,061)	(394,727)
Proceeds from sale of property, plant and equipment			1,650
Finance lease – right of use	15	(1,036,097)	-
Purchase of property, plant and equipment	15	(49,091)	(59,120)
Net cash used in investment activities		(1,101,249)	(452,197)
Financing activities:			
Loans received during the year		998,169	817,456
Repayment of loans		(91,950)	(189,422)
Finance lease		974,418	-
Deferred tax asset		(5)	-
Dividends paid		(27,334)	(19,133)
Net cash provided by financing activities		1,853,298	608,901
Net increase in cash and cash equivalents		193,007	103,450
Net cash balances at the beginning of the year		298,539	195,089
Net cash and cash equivalents at the end of year		491,546	298,539
Represented by:			
Cash on hand	21	304,916	298,539
Cash and cash equivalents	26	186,630	-
		491,546	298,539

*certain 2018 figures restated for comparative purposes.

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 subsidiaries are involved in manufacturing of flavours and fragrances along with wooden pallets.

Derrimon Trading Company Limited together with its subsidiaries is referred to as the "Group".

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

Statement of compliance

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

Going concern

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

Management has assessed that the Company and Group have the ability to continue as a going concern and has prepared the financial statements on the going concern basis.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

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

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

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

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

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

Leases
Estimation – The initial measurement of the *Lease Liability* is based on an estimate of the present value of the lease payments outstanding, discounted using the Company's incremental borrowing rate.

Also, the cost of the right-of-use asset comprises an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

Joint arrangement

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

Investment property

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

Related parties and related party transactions

Judgmen*t* – 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

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.

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 it's 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Judgments and estimates (continued)

Impairment of assets (continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Standards, amendments and interpretations to published standards effective in the current year (continued)

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 December 31, 2019.

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* of $1.14B (Company $1.04B) in the statement of financial position. And, *depreciation expense on right-of-use* assets of $96.6M (Company $90.9M) in the statement of profit or loss and other comprehensive income.

Expense, classified as *Rent*, totalling $144.2M (Company $134.8M) was replaced with *interest expense* and *principal repayment* on the *Lease Liability* of $79.3M (Company $73.1M) and $64.9M (Company $61.7M) respectively.

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

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

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

The following new standards, amendments, and interpretations have been issued and may impact the financial statements but are not effective for the fiscal year ended 31 December 2019 and accordingly, have not been applied in preparing these financial statements. These included:

Amendments to IAS 28, ‘Investments in associates and joint ventures’, effective for annual periods beginning on or after 1 January 2019. These amendments clarify the accounting policy choice available for electing to measure the investments at fair value through profit or loss in accordance

Management is currently assessing the likely future impact of this amendment on its financial statements.

2. 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 December 2019	% Ownership by Company at 31 December 2018
CFFL	Manufacture of Flavours and Fragrances	62.02%	62.02%
Select Grocers	Operation of Supermarket	60%	60%
Woodcats International Limited	Manufacturers of wooden pallets	100%	100%

DTCL as at December 31, 2019, owns 62.02% of the shares of CFFL, the same percentage as the prior year.

DTCL continues to hold 60% holding 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.

On September 6, 2018, DTCL acquired 100% of the shares of Woodcats International Limited, a manufacturer of wooden pallets, making it a wholly-owned subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY (CONTINUED)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY (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:

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

Wholesale (Trading outlets and supermarkets); and

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

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

(e) Impairment of assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets (continued

Cash generating units (CGU)

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs. The CGUs correspond to the smallest identifiable group of assets whose continuing use generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill acquired in a business combination is allocated to each of the CGUs (or groups of CGUs) expected to benefit from the synergies of the combination. Intangible assets with indefinite useful lives are allocated to the CGU to which they relate.

Management's policy is to principally write down Goodwill when the Company's cash generation capacity is unlikely to generate profits in an adverse economic environment.

Recording impairments and reversals of impairments

Impairments and reversals of impairments are recognized in other comprehensive income in the Consolidated Statements of Profit or Loss and Other Comprehensive Income. Any impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU. Impairments of goodwill cannot be reversed. Impairments of other assets recognized in prior periods are assessed at the end of each reporting period to determine if the indicators of impairment have reversed or no longer exist. An impairment loss is reversed if the estimated recoverable amount exceeds the carrying amount. The increased carrying amount of an asset attributable to a reversal of impairment may not exceed the carrying amount that would have been determined had no impairment been recognized in prior periods

(f) Foreign currency translation

Transactions in foreign currencies are translated into Jamaican dollars at rates in effect at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Jamaican dollars at the closing exchange rate at the statement of financial position date. Non-monetary assets and liabilities in foreign currencies that are measured in terms of historical cost are translated into Jamaican dollars at the exchange rate in effect at the date of the transaction or initial recognition. Non-monetary items in foreign currencies that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange gains and losses arising from translation are included in other comprehensive income.

Exchange rates are determined by the published weighted average rate at which commercial banks trade in foreign exchanges.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Related parties' disclosure

Related parties are identified and disclosed to allow users of the financial statements to be aware of the possibilities that the financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the Company:

(i) A person or close member of that person's family is related to the Company if that person:

- Has control or joint control over the Company;
- Has significant influence over the Company; or
- Is a member of the key management personnel of the Company or a parent of the Company.

(ii) An entity is related to the Company if any of the following conditions apply:

- The Company, its subsidiary and joint operation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- One company is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- Both companies are joint ventures of the same third party.
- One company is a joint venture of a third entity, and the other entity is an associate of the third entity.
- The company is a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.
- The company is controlled, or jointly controlled by a person identified in (a) above.
- A person identified related to the Group has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).
- The company, or any member of a group of which it is a part, provides key management personnel services to the company or the parent of the company.

A related party transaction involves the transfer of resources, services or obligations between a reporting company and a related party, regardless of whether there is a consideration or not.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED

(i) 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 improvements	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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

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.

(k) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets

Goodwill

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

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

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

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

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

Research and development expenditure

Expenditures on research activities are expensed as incurred.

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments

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

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

Classification and Subsequent Measurement

Financial assets

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

Investments in equity instruments

The Company made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of its investments in equity instruments which are not *held for trading*. Dividends from these investments are recognized in profit or loss.

Financial liabilities

All financial liabilities are measured at amortized cost using the effective interest method with gains and losses recognized in net income in the period that the liability is derecognized. The financial liability is derecognized when the contractual obligations are discharged, cancelled or expire.

The Company does not carry any financial instruments classified as Fair Value Through Profit or Loss (FVTPL).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial instruments (continued)

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

(n) 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.

(o) 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.

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

The Company's exposure to credit risk is disclosed in Note 29 (b).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) 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 Decembver 16, 2023.

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

(i) CFFL, is also listed on the Junior Market of the JSE and effective October 3, 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 subsidiary, Woodcats International, is not listed on the Junior Market of the JSE and is subject to payment of full income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Employee benefits

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and termination benefits.

Employee benefits that are earned as a result of past or current service are recognized in the following manner: short-term employee benefits are recognized as a liability, net of payments made, and charged as an expense. The expected cost of vacation leave that accumulates is recognized when the employee becomes entitled to the leave.

(r) Trade and other payables

Trade payables are obligations of the Company for goods or services acquired in the ordinary course of business from vendors and suppliers.

Amounts accrued for certain expenses are based on estimates and are included in payables.

The Company’s exposure to liquidity and cash flows risks are disclosed in Note 29 (c)

(s) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) 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.

(v) Provisions, contingent liabilities and contingent assets

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 will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is charged to the statement of profit or loss net of any reimbursement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Investments

Investments are highly liquid instruments, primarily bonds and equities in both Jamaican and United States dollar denominations, with an original term to maturity of more than three months.

(x) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank charges. Borrowing costs are recognized in profit or loss using the effective interest method.

(y) Non-controlling interests

Equity in the controlled entities 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 controlled entities, 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.

(z) Comparative information

Where necessary, comparative figures have been reclassified and or restated to conform to changes in the current year.

3. SEGMENTAL FINANCIAL INFORMATION

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

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

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

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

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

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

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

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

3. SEGMENTAL FINANCIAL INFORMATION (CONTINUED)

The Group

	2019			
	Distribution	Wholesale & Retail	Other Operations	Total
	$'000	$'000	$'000	$'000
Revenue from external customers	3,464,951	8,172,927	1,011,139	12,649,017
Depreciation	14,410	37,558	15,120	67,088
Depreciation – *right of use*	17,761	73,157	5,700	96,618
Current liabilities	367,780	1,256,001	89,902	1,713,683
Current Assets	1,301,529	1,818,780	701,179	3,821,488

The Group

	2018			
	Distribution	Wholesale & Retail	Other Operations	Total
	$'000	$'000	$'000	$'000
Revenue from external customers	8,759,236	460,044	84,180	9,303,460
Depreciation	24,741	34,234	34,157	83,655
Current liabilities	1,320,576	563,173	77,842	1,961,591
Current Assets	1,812,234	769,030	431,349	3,012,613

The Company

	2019		
	Distribution	Wholesale & Retail	Total
	$'000	$'000	$'000
Revenue from external customers	3,464,951	8,172,927	11,637,878
Depreciation	14,410	37,558	51,968
Depreciation- *right of use*	17,761	73,157	90,918
Current liabilities	367,780	1,256,001	1,623,781
Current Assets	1,301,529	1,818,780	3,120,309

The Company

	2018		
	Distribution	Wholesale & Retail	Total
	$'000	$'000	$'000
Revenue from external customers	3,832,689	4,926,547	8,759,236
Depreciation	24,471	24,757	49,498
Current liabilities	1,381,128	563,173	1,944,301
Current Assets	1,812,233	769,030	2,581,263

Management provides individual segment accounting on a weekly and monthly basis to the CEO.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The Group's functional and presentation currency is the Jamaica dollar (J$)

5. OTHER INCOME

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Interest income	-	1	-	1
Advertising space	7,179	-	7,179	-
Rental from warehouse space	640	31,294	640	31,294
Other income: insurance proceeds, bad debts recovered and dividends	29,948	34,953	19,045	13,111
	37,767	66,248	26,864	44,406

6. EXPENSES BY NATURE

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Direct costs				
Cost of inventories recognized as an expense	10,370,183	7,612,427	9,608,914	7,244,705

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Administrative expenses				
Directors fees	,1,275	1,170	780	360
Insurance	46,716	52,399	40,897	48,557
Foreign exchange loss	474	-	-	-
Motor vehicle expenses	20,101	12,790	8,990	10,824
Professional services	61,367	68,103	52,748	62,508
Office expenses	49,713	22,165	41,597	18,473
Lease: *short term value*	3,082	-	-	-
Repairs and maintenance	40,491	29,334	35,343	26,557
Rental of equipment and office (see lease liability note)	-	139,995	-	125,180
Staff costs, including director's salary (note 7)	713,586	469,630	619,237	419,814
Security	39,003	32,367	37,366	30,057
Utilities	113,733	107,520	108,329	104,996
Depreciation	59,059	56,682	51,967	49,498
Depreciation *for right of use* assets	96,510	-	90,918	-
Travelling and accommodation	21,413	16,059	10,274	6,229
Other, including minimum business tax	12,891	61,281	-	60,978
	1,279,414	1,069,495	1,098,451	964,031

6. EXPENSES BY NATURE (CONTINUED)

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Selling and distribution				
Advertising and promotion	57,109	77,860	54,221	76,170
Commission	22,697	13,905	22,697	13,905
Bad debts written off	29,335	12,042	29,335	11,556
Trucking and delivery	260,363	129,911	259,847	126,475
Warehousing	38,760	-	38,760	-
	408,265	233,718	404,861	228,106

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Finance costs				
Long term loans: Interest (including preference dividend, credit line and bank charges)	220,044	*172,223	219,017	170,376
Lease liability interest expense	78,560	-	78,559	-
	298,604	172,223	297,576	170,376

* reclassified for comparative purposes

Expenses by nature include the total cost of sales, distribution costs, administration and other expenses.

7. STAFF COSTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Salaries and wages	543,445	501,975	460,412	383,155
Staff welfare	98,493	29,968	87,177	23,598
Contract services and other	71,648	39,547	71,648	13,061
	713,586	571,490	619,237	419,814

The average number of persons employed full-time by the Group during the year was 522 (2018 – 415), and part-time was 30 (2018- 62).

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8. 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.

Select Grocers: Summarized financial information as at 31 December 2019.

	2019	**2018**
	$'000	**$'000**
Dividends received from joint operation	Nil	Nil
Current assets	163,225	113,626
Cash and cash equivalents included in current assets	23,838	8,278
Non-current assets	325,644	143,544
Current liabilities	86,891	84,360
Current financial liabilities, *excluding trade and other payables and provision*, included in current liabilities	-	-
Non-current liabilities	202,329	6,000
Revenue	619,968	564,697
Depreciation and amortization	14,450	14,254
Interest income	-	-
Interest expense (including lease expense)	(28,034)	(1,049)
Income tax expense or income	-	-
Profit or loss from continuing operations	32,840	24,218
Post-tax profit or loss from continuing operations	32,840	24,218
Other comprehensive income	-	-
Total comprehensive income	32,840	24,218

9. INVESTMENT IN SUBSIDIARIES

As at December 31, 2019, the Company has holdings of 62.02% and 100% of the issued shares of Caribbean Flavours and Fragrances Limited (CFFL) and Woodcats International Limited (WIL) respectively.

CFFL: Summarized financial information as at December 31, 2019

	2019	2018
	$'000	**$'000**
Dividends received from subsidiary	12,432	11,959
Current assets	463,587	453,273
Cash and cash equivalents included in current assets	11,546	65,632
Non-current assets	99,634	21,196
Current liabilities	50,880	40,866
Current financial liabilities, *excluding trade and other payables and provision*, included in current liabilities	6,200	2,531
Non-current liabilities	82,163	4,898
Revenue	462,462	674,298
Depreciation and amortization (including *rights of use)*	12,068	7,185
Interest income	15,408	25,381
Interest expense (including lease liability)	(520)	(1,152)
Income tax expense	(5,307)	(2,204)
Profit or loss from continuing operations	36,807	118,085
Post-tax profit from continuing operations	31,500	115,881
Other comprehensive income	-	-
Total comprehensive income	31,500	115,881

10. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Woodcats International Limited: Summarized financial information as at December 31, 2019

	2019 $'000	2018 $'000
Dividends received from subsidiary	-	-
Current assets	202,430	186,628
Cash and cash equivalents included in current assets	6,535	26,610
Non-current assets	127,526	56,256
Current liabilities	39,024	35,428
Current financial liabilities, *excluding trade and other payables and provision*, included in current liabilities	919	-
Non-current liabilities	33,760	30,880
Revenue	548,677	462,990
Depreciation and amortization	8,753	4,893
Interest income	1	-
Interest expense	(508)	(6,236)
Income tax expense	(10,174)	(10,737)
Profit or loss from continuing operations	53,979	53,936
Post-tax profit or loss from continuing operations	43,805	43,198
Other comprehensive income	-	-
Total comprehensive income	43,805	43,198

	The Company	
Investment in Subsidiaries and Joint Venture	2019 $'000	2018 $'000
Caribbean Flavours & Fragrances	438,722	438,722
Woodcats International	355,000	355,000
Long-term Investment	148,819	148,351
Balance at the end of the year	942,541	942,073

11. 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.

11. INCOME TAX (CONTINUED)

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current tax expenses:				
Current tax expense @ 25%	99,700	65,619	78,546	52,677
Remission of income tax @ 50% (2018-100%)	(44,560)	(50,657)	(39,253)	(50,657)
	52,940	14,962	39,253	2,020
Deferred tax expense/(benefit):				
Origination and reversal of temporary and other differences	(9,922)	(10,330)	(11,715)	(2,020)
Total income tax expense for the year	43,018	4,632	27,538	-

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Reconciliation of expected and actual tax expense:				
Profit before taxation	345,725	281,845	254,940	196,424
Adjustments to income taxes resulting from:				
Computed "expected" tax expense @ 25%	86,431	70,461	63,735	49,106
Difference between profit for financial statements and tax reporting purposes on: -				
Depreciation and capital adjustments	(15,819)	(12,332)	(11,715)	(16,901)
Net effect of other charges for tax purposes	20,788	1,924	14,770	18,452
Employers tax credit	(3,822)	(4,764)	-	-
Adjustment for the effect of remission of tax	(44,560)	(50,657)	(39,252)	(50,657)
Reconciled tax charge to profit and loss	43,018	4,632	27,538	-

12. CAPITAL RESERVE

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Balance: 31 December	94,638	94,638	94,638	94,638

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Represented by:				
2011: Surplus on revaluation of fixed assets:	94,638	38,420	94,638	38,420
Realized gains on disposal of shares	-	689	-	689
2012: Surplus on revaluation of fixed assets:	-	55,529	-	55,529
	94,638	94,638	94,638	94,638

13. INVESTMENT RESERVE

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Closing balance: 31 December 2019	614	614	614	614

14. EARNINGS PER SHARE

The calculation of earnings per ordinary share is based on the Group and Company net profit attributable to shareholders divided by the weighted average number of ordinary shares of 2,733,360,670 (2018- 2,733,360,670).

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Net profit attributable to shareholders	290,744	249,120	227,402	196,424
The weighted average number of ordinary shares in issue	2,733,361	2,733,361	2,733,361	2,733,361
Basic earnings per ordinary share	0.106	0.091	0.083	0.072

15. PROPERTY, PLANT AND EQUIPMENT

2019
The Group

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation								
1 January 2019	314,058	23,058	107,646	49,499	15,933	195,304	705,498	-
Additions	33,288	11,866	17,596	-	-	22,194	84,944	1,135,695
Disposals	-	-	(1,500)	-	-	-	(1,500)	-
31 December 2019	347,346	34,924	123,742	49,499	15,933	217,498	788,942	1,135,695
Acc. Depreciation								
1 January 2019	155,109	18,055	52,623	7,917	3,413	10,158	247,275	-
Charge for year	42,591	1,836	17,009	1,010	-	4,642	67,088	96,618
Disposals	-	-	(1,248)	-	-	-	(1,248)	-
	(7,649)	-	-	-	-	-	(7,649)	-
31 December 2019	190,051	19,891	68,384	8,927	3,413	14,800	305,466	96,618
Netbook value								
31 December 2019	157,295	15,033	55,358	40,572	12,520	202,698	483,476	1,039,077

2018
The Group

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation								
1 January 2018	248,545	20,440	62,082	49,499	15,933	160,453	556,952	-
Additions	68,673	2,618	53,534	-	-	34,851	159,676	-
Disposals	(3,160)	-	(7,970)	-	-		(11,131)	-
31 December 2018	314,058	23,058	107,646	49,499	15,933	195,304	705,497	-
Acc. Depreciation								
1 January 2018	98,825	16,461	39,504	7,917	3,413	3,825	169,945	-
Charge for year	57,710	1,594	18,018	-	-	6,333	83,655	-
Disposals	(1,426)	-	(4,899)	-	-	-	(6,325)	-
31 December 2018	155,109	18,055	52,623	7,917	3,413	10,158	247,275	-
Netbook value								
31 December 2018	158,878	5,003	54,523	41,582	12,520	185,146	457,651	-

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2019
The Company

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$''000	$'000	$'000	$'000
Cost or valuation								
1 January 2019	296,506	17,971	78,248	49,499	12,520	128,125	582,869	1,036,097
Adjustment- prior year	(1,612)	(69)	786	-	-	(531)	(1,426)	-
Additions	13,222	11,867	3,995	-	-	20,007	49,091	-
31 December 2019	308,116	29,769	83,029	49,499	12,520	147,601	630,533	1,036,097
Acc. Depreciation								
1 January 2019	131,027	14,467	41,273	8,952	-	6,771	202,490	-
Charge for year	36,900	1,679	8,788	1,010	-	3,590	51,967	90,918
Adjustment- prior year	(5,116)	589	(2,147)	172		(2,797)	(9,299)	-
31 December 2019	162,811	16,735	47,914	10,134	-	7,564	245,158	90,918
Netbook value								
31 December 2019	146,305	13,034	35,115	39,365	12,520	140,037	385,375	945,179

2018
The Company

	Furniture. & Equipment	Computer	Motor Vehicles	Building	Land	Leasehold Improvements	Total	Buildings Right of Use
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation								
1 January 2018	274,234	15,415	51,107	49,499	12,520	126,040	528,815	-
Additions	22,269	2,556	32,211	-	-	2,085	59,120	-
Disposals	-	-	(5,070)	-	-	-	(5,070)	-
31 December 2018	296,506	17,971	78,248	49,499	12,520	128,125	582,868	-
Acc. Depreciation								
1 January 2018	95,599	13,329	36,803	7,917	-	3,613	157,261	-
Charge for year	35,428	1,318	8,560	1,035	-	3,158	49,498	-
Disposals	-	-	(4,089)	-	-	-	(4,089)	-
31 December 2018	131,027	14,647	41,273	8,952	-	6,771	202,670	-
Netbook value								
31 December 2018	165,479	3,324	36,974	40,547	12,520	121,354	380,199	-

16. INTANGIBLE ASSETS

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 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.

The Group determines whether intangibles, including goodwill, are impaired 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 CGU. The recoverable amount is determined by reference to the value in use which is based on the management's estimate of the expected future cash flows from the CGU using an agreed discount rate to calculate the present value of 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*.

	The Group 2019 $'000		The Company 2019 $'000	
	Intangibles	Goodwill	Intangibles	Goodwill
January 1, 2019	942,541	33,220	-	33,220
-Addition, Business acquisition	256,523	148,899	-	-
-Impairment	-	-	-	-
-Other adjustments	(942,541)	-	-	-
December 31, 2019	256,523	182,120	-	33,220

	The Group 2018 $'000		The Company 2018 $'000	
	Intangibles	Goodwill	Intangibles	Goodwill
January 1, 2018	256,523	33,220	-	33,220
-Addition, Business acquisition	-	130,720	-	-
-Impairment	-	-	-	-
-Other adjustments	(23,045)	-	-	-
December 31, 2018	233,478	163,940	-	33,220

17. INVENTORIES

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Sampars wholesale outlets and Select Grocers; grocery and household items	636,764	401,967	636,764	401,967
Wholesale bulk commodity food items	1,114,087	709,322	1,114,087	709,322
Subsidiaries: flavours and fragrances and pallet inventories	241,323	169,498	-	-
	1,992,174	1,280,787	1,750,852	1,111,289

18. RECEIVABLES AND PREPAYMENTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Receivables				
Trade receivables	966,852	920,602	827,734	745,082
Provision for bad debts	(32,812)	(33,233)	(32,381)	(32,380)
	934,040	887,369	795,353	712,702
Staff advances	10,992	6,911	9,462	4,242
Other receivables	88,037	272,666	40,419	237,036
	1,033,069	1,166,946	845,234	953,980

The following are the trade receivables ageing as of 31 December 2019 and 2018.

The Group
Past due but not impaired

Year	0-60 days $'000	60-90 days $'000	Over 90 days $'000	Total $'000
2019	796,629	67,652	102,571	966,852
2018	778,740	52,479	89,384	920,602

The Company
Past due but not impaired

Year	0-30 days $'000	31-59 days $'000	60-90 days $'000	Over 90 days $'000	Total $'000
2019	561,418	110,498	63,224	92,594	827,734
2018	556,443	110,853	35,608	42,178	745,081

18. RECEIVABLES AND PREPAYMENTS (CONTINUED)

Movement in provision for bad debts against trade receivables:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
01 January 2019	33,233	31,180	32,380	30,748
Amounts provided for during the year	(421)	2,053	-	1,632
31 December 2019	32,812	33,233	32,380	32,380

During the year, the Company wrote off $ 29,334,673 (2018- $12,256,143) to profit or loss after repeated attempts were made to collect long outstanding amounts. Management has deemed the current receivable balance to be collectable, as all doubtful amounts were written off during the year.

19. RELATED PARTIES AND RELATED PARTIES TRANSACTIONS

Related party balances consist of the following:

(a) Due from related parties

	The Group and the Company	
Convenience Store:	2019 $'000	2018 $'000
Opening balance:	8,166	7,308
Purchases during the year	10,089	12,965
Amounts repaid based on invoices	(5,775)	(12,107)
Balance at the end of the year	12,480	8,166

The Convenience Store is an entity owned by a director. The balance is included in receivables on the Statement of Financial Position.

(b) Key management personnel

During the year the Group paid salaries and repaid loans from key management personnel.

19. RELATED PARTIES AND RELATED PARTIES TRANSACTIONS (CONTINUED)

(c) Transactions with related parties

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Remuneration paid to directors	85,445	61,482	48,927	36,687
Management fees received from subsidiary	-	(5,500)	-	(5,500)
Professional fees paid to a director for legal services	3,126	3,192	3,126	3,192
Fees paid to directors	1,275	1,170	780	360

Due to/(from) CFFL

	2019	2018
	$'000	$'000
Credit risk exposures are as follows:		
Opening balance:	-	-
Amounts loaned during the year	56,572	289,060
Amounts repaid during the year	(56,572)	(289,060)
Balance at the end of the year	-	-

Amounts were borrowed from and repaid by the Company to its subsidiary, CFFL during the year. Interest was charged on the loans at market rates.

20. INVESTMENTS

	The Group		The Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Bonds	4,956	4,956	4,956	4,956
Bonds – (US$)	6,865	-	6,865	-
Scotia Investment Funds	173,185	-	-	-
Jamaica Money Market Brokers Limited (US$)	21,531	106,639	-	-
NCB Capital Markets (US $)	51,189	49,393	1,636	1,636
Mayberry Structured: Corporate Paper (MSCP)	22,873	9,144	17,873	9,144
	280,599	170,132	31,330	15,736

Interest earned on bonds ranges between 3.9% -5%. The MSCP is at 11%.

21. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Foreign currency accounts	48,872	25,133	41,306	12,811
Cash in hand and Jamaican dollar accounts	460,755	363,618	450,240	285,728
	509,627	388,751	491,546	298,539

The weighted average effective interest rate on Jamaican dollar and US dollar short term deposits was 1.1% (2018 – 2%) and 0.098% (2018 – 1%) respectively. These represent call deposits which are repayable on demand.

22. PAYABLES

	The Group		The Company	
	2019 $ $'000	2018 $ $'000	2019 $ $'000	2018 $ $'000
Local payables and accruals	762,848	975,339	700,135	953,013
Foreign trade payables	194,851	140,733	189,841	120,121
Staff related payables	6,951	19,577	5,339	7,579
Statutory liabilities	12,196	13,895	7,535	9,832
	976,846	1,149,544	902,850	1,090,545

23. SHORT TERM LOANS

	The Group		The Company	
	2019 $ $'000	2018 $ $'000	2019 $ $'000	2018 $ $'000
Credit lines with various financial institutions	536,316	736,416	535,000	736,416

The credit lines are unsecured and used to purchase significant commodities sold by the Group.

24. NON –CONTROLLING INTEREST

	The Group	
	2019 $ $'000	2018 $ $'000
Non- controlling interest in CFFL subsidiary	163,382	162,597

Set out be below is the summarized financial information for the subsidiary that has a non-controlling interest that is material to the Group.

Summarized statement of financial position included in the consolidated Group results:

	The Group	
	2019 $ $'000	2018 $ $'000
Current -		
Assets	463,587	453,273
Liabilities-	50,880	45,601
Non- current net assets	99,634	21,196
Net asset	512,341	428,868

Summarised comprehensive income included in the consolidated Group results:

	The Group	
	2019 $ $'000	2018 $ $'000
Revenue	462,462	674,298
Cost of sales	(323,302)	(432,190)
Profit before tax	36,807	118,085
Dividends paid to non-controlling interest	8,538	8,538

24. NON –CONTROLLING INTEREST (CONTINUED)

Summarised cash flows included in the consolidated Group results:

	The Group	
	2019 $'000	2018 $'000
Cash generated from operations	33,501	46,912
Net cash generated from operating activities-		
Net cash used in investing activities	(148,619)	(25,160)
Net cash (used in)/provided by financing activities	61,032	(23,948)
Net (decrease)/increase in cash and cash equivalents	(54,086)	(2,196)
Cash and cash equivalents at the beginning of the year	65,632	67,828
Cash and cash equivalents at the end of the year	11,546	65,632

The information relating to non-controlling interest represents amounts before intercompany eliminations.

25. BORROWINGS

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
i) 7.5% Mayberry- J$100M	92,380	-	92,380	-
ii) 8.49% Bank of Nova Scotia	21,098	5,520	3,565	5,520
iii) 9.69% National Commercial Bank (NCB)	1,489	2,371	1,489	2,371
iv) 10% First Global Bank (FGB)	1,414	2,856	1,414	2,856
v) Director's loan	-	6,000	-	6,000
vi) 9% Redeemable Preference Shares	350,000	350,000	350,000	350,000
vii) 12% National Commercial Bank	131	1,348	131	1,348
viii) Mayberry- Margin A/C	122,169	-	122,169	-
ix) 7.25% Sagicor $21M	20,271	-	20,271	-
x) 7.25% Sagicor $355M	338,470	-	338,470	-
xi) 8.35%-10% FGB Loan	6,518	10,902	1,685	3,473
xii) 7.25% Sagicor Loan	227,264	243,621	227,264	243,621
xiii) 7.25% FGB Loan	272,903	292,485	272,903	292,485
xiv) 9.5% Jamaica National (JN) Loan	5,256	5,794	5,256	5,794
xv) 9.5% JN Loan	6,214	6,882	6,214	6,882
xvi) 9.5% JN Loan	4,018	4,515	4,018	4,515
xvii) 7.75% JMMB Loan	285,696	-	285,696	-
xviii) 7.25 % Sagicor $100M	98,160	-	98,160	-
Total Borrowings	1,853,451	932,294	1,831,085	924,865
Less: current portion	(122,448)	(69,636)	(119,629)	(67,105)
	1,731,003	862,658	1,711,454	857,760
xix): Lease Liability	1,070,873	-	974,416	-
Less: current portion	(70,601)	-	(66,302)	-
	1,000,272	-	908,116	-

25. BORROWINGS (CONTINUED)

i) This represents a promissory note to be repaid at March 20, 2021

ii) The 8.49% BNS loan monthly repayment is $177,735 and the final payment is scheduled for October 2022

iii) The 9.69% is payable in monthly installments of $73,480, and the final payment is scheduled for June 2022.

iv) The 10% FGB loan is repayable by monthly installment of $148,770 and the final payment is scheduled for September 2020.

v) During the year, the director's loan was repaid.

vi) The 11.75% Redeemable Preference Shares were issued in March 2015 and was redeemed in full in March 2018. The funds raised were used to pay off credit line along with certain shareholders loans and to provide working capital support. During the year, this loan was upsized to $350 million at a reduced rate of 9%

vii) The 12% loan is payable by monthly installments of $50,693 and the final payment is scheduled for May 2020.

viii) This balance represents a margin facility held with Mayberry Investment Limited.

ix) This balance represents a demand loan associated with the refinancing of the full cost associated with the purchase of Woodcats International Limited. The loan is repayable in monthly installments of $246,542 up to 10 years.

x) This represents a demand loan, used to re-finance the bridge loan obtained from Mayberry to acquire Woodcats International Limited. The loan is repayable up to 10 years at $4,167,737 monthly.

xi) The 8.35% - 10% FGB loans were used to purchase motor vehicles and are secured by the said vehicles.

xii) The 7.25% Sagicor loan was used to liquidate bonds at higher rates of interest.

xiii) The 7.25 FCB loan was used to liquidate the 11.25% bond. This loan was re-negotiated with monthly repayments of $3,566,971 up to 8years.

xiv) The 9.5% JN loans were used to purchase motor vehicles.

xv) The 9.5% JN loans were used to purchase motor vehicles

xvi) The 9.5% JN loans were used to purchase motor vehicles

xvii) This balance is comprised of:

(a) 7.75% term loan of $258,800,000 used to refinance US Dollar credit facilities and higher interest term facilities and is re-payable at a monthly installment of $4,001,553.

(b) revolving line of credit of $41,200,000 to provide working capital support at an interest rate of 7.75% per annum.

xviii) This is an amortizing term loan used for renovation and capital expenditure for Sampars stores and information technology capital projects. The loan is repayable up to 9 years with a monthly installment of $1,521,518.

The loans are secured by registered charges over real estate and motor vehicles owned by DTCL, guarantees of certain shareholders, shares of subsidiary, investments and cash deposits.

25. BORROWINGS (CONTINUED)

No borrowings or loans were in default during the period that would permit any lender to demand accelerated repayment

xix) **LEASE LIABILITY**

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

Principal amounts payable:

-Current portion	$ 70,601,400
-Long-term	$1,000,272,106
	$1,070,873,506

Principal repayments for each of the next five years:

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

26. BANK OVERDRAFT

As at 31 December 2019, the company had no bank account in an overdrawn position.

27. SHARE CAPITAL

	Number of shares	Ordinary shares
		$ $'000
Issued and fully paid:		
At 31 December 2019	2,733,360,670	140,044

The Board of Director's met in November 2019 and approved the payment of a dividend of $0.01 per share to shareholders on record as at 29 November 2019. The payment was made in December 2019.

28. OPERATING PROFIT BEFORE TAXATION

The following items have been charged/(received) in arriving at operating profit before taxation:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Auditors' remuneration	7,882	6,628	4,200	3,700
Directors' emoluments:				
Fees	1,275	1,170	780	360
Management remuneration	85,445	61,482	48,927	36,687
Bad debts written off	29,335	12,701	29,335	6,846
Management fees to Parent Company	-	(5,500)	-	(5,500)
Inventory written off during the year	3,339	-	3,339	-
Depreciation	67,088	61,575	51,967	49,498
Depreciation- right of issue	96,618	-	90,918	-
Staff costs (including management remuneration)	799,031	622,971	668,164	409,814

29. CAPITAL AND RISK MANAGEMENT

Capital Management:

The Group defines capital as equity and total borrowings. The Group manages its capital, of $1.9 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 borrowing 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 Company 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.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

During 2019, the Group's strategy, which was in principle unchanged from 2018, was to maintain the gearing ratio below 100%. The gearing ratios at 31 December 2019 and 31 December 2018 were as follows:

	The Group		The Company	
	31 Dec 2019 $'000	31 Dec 2018 $'000	31 Dec 2019 $'000	31 Dec 2018 $'000
Total borrowings (excluding lease liability	2,389,767	1,668,710	2,366,083	1,661,280
Capital and borrowings	3,565,642	2,566,980	3,577,003	2,644,491
Gearing ratio	67%	65%	66%	63%

The Company continues to use debt financing to expand its operations. There have been no significant changes to the Group's overall approach to capital management during the year.

Risk Management:

The Group's activities expose it to a variety of financial risks: market risk (currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks as well as its objectives, policies and processes for measuring and managing risk.

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. They are responsible for developing and monitoring the Group's risk management policies and through training to develop standards and procedures and a disciplined and constructive control environment in which all employees understand their roles and obligations.

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) 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 principally arise from changes in foreign currency exchange rates, interest rates and commodity prices. The objective of market risk management is to manage and control market risk exposures within acceptable limits while optimizing returns. This risk is principally monitored by the finance director, along with guidelines from the board of directors.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

Audit Committee (continued)

a) Market risk (continued)

There has been no change to the Group's exposure to market risk or how it manages and measures this risk.

i. Commodity Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

The Company is exposed to price risk principally relating to the importation of rice. The Company enters into commodity contracts in respect of the anticipated future usage requirements and the price on imported rice is tracked and purchased in advance, when necessary, if the price on the international market is increasing. This strategy is used to mitigate this risk.

ii. Currency risk

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

The Group is exposed to foreign exchange risk, due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than the Jamaican dollar. The Group is exposed to foreign exchange risk, arising primarily with respect to the US dollar, from commercial transactions such as the importation and sale of bulk rice that represents a significant percentage of the Group's overall purchase figure. To manage currency risk on imported rice, the Group enters into short and medium-term arrangements with millers and producers at agreed terms primarily in producing countries.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

ii. Currency risk (continued)

Foreign currency bank accounts are maintained at levels which will meet foreign currency obligations and management also has access to purchase foreign currencies at market or close to market rates thereby reducing or mitigating the Group's exposure to sudden exchange rate fluctuations. The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by closely monitoring currency positions. The Group further manages this risk by maximizing foreign currency earnings and holding foreign currency balances.

As at 31 December 2019, the Group had net foreign currency liabilities of US$1.7 Million (2018-US$1.6 Million) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risks

	The Group		The Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Foreign currency financial assets:				
Cash equivalents and investments	413	101	356	101
Foreign currency financial liabilities:				
Payables and accruals	(2,284)	(953)	(2,111)	(953)
Borrowings	-	(792)	-	(792)
	(2,284)	(1,745)	(2,111)	(1,745)
Total net foreign currency liabilities	(1,870)	(1,644)	(1,755)	(1,644)

A significant portion of the Group's purchases is made using United States (US) dollars. The Group hedges against the movement in the United States dollar principally by holding cash resources in that currency, prompt payment, when necessary, of foreign currency bills as they become due along with maximizing efforts to earn foreign currency by innovating marketing on-line to the Jamaican Diaspora community.

In accordance with accounting policies applied consistently, exchange gains and losses are recognized in the income statement when incurred.

	2019 J$	2018 J$
31 December 2019: exchange rate 1US$	132.57	126.00

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

Foreign currency sensitivity analysis

The sensitivity analysis represents the impact on the profit or loss due to the movement in the US dollar exchange rate relative to the Jamaican dollar, with other variables remaining constant.

Due to the nature of the Group's operations and the very short term nature of balances denominated in currencies other than the Jamaican dollar, in the opinion of management, there should be no material impact on the results of the Group's operations as a result of changes in foreign currency rates as sudden changes are promptly adjusted in the selling prices of the Group's imported products, especially bulk rice and red kidney beans that form a significant percentage of the Group's overall purchases.

A 5% (2018-5%) weakening of the Jamaican dollar, with all other variables remaining constant, in particular interest rates, would result in a loss of approximately $12.4 Million (2018 - $10.3 Million) to the Group if all outstanding foreign liabilities are settled at the depreciated rate of the Jamaican dollar. A 5% appreciation of the Jamaican dollar under similar circumstances would result in a profit of $12.4 Million (2018- $10.3Million).

iii. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to 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 invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed and reputable financial institutions. Short-term deposits are invested for periods of three (3) months or less at fixed rates and are not affected by fluctuations in market interest rates up to the date of maturity. Since interest rates on the Group's short-term deposits are fixed up to maturity and interest earned from the Group's interest-earning bank accounts is immaterial, management is of the opinion there would be no material impact on the results of the Group's operations as a result of fluctuations in interest rates.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

iii. Interest rate risk (continued)

The Group incurs interest on its borrowings. 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 shareholders' equity. The Group reviews 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. Management, as a policy, obtains fixed-rate loans when interest rates are expected to rise and floating rate loans when interest rates are expected to fall but generally avoids variable-rate borrowing instruments.

Interest rate sensitivity

The Group's interest rate risk arises from long-term borrowings and available-for-sale debt instruments. The sensitivity of the profit or loss is the effect of the assumed changes in the interest rates on profit before taxation based on floating rate borrowing and available-for-sale debt instruments.

The Group does not have any significant exposure to floating rate borrowings or on investments because the majority of the financial instruments carry fixed rates of interest to maturity.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk that one party, which includes customers, clients and counterparties, to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is an important financial risk for the Group's business, and therefore management meticulously manages the Group's exposure to this risk.

The Group faces credit risk in respect of investment activities and its receivables from customers.

i. Cash, deposits and investments

Credit risk for cash, deposits and investments is managed by investing in mainly liquid securities and maintaining these balances with licensed financial institutions considered to be reputable and stable. Accordingly, management does not expect any counterparty to fail to meet its obligations. The Finance Director, along with the Board of Directors, performs monthly reviews of the investments and securities held as a part of their assessment of the Group's credit risk.

The maximum credit risk faced by the Group is the total of these balances reflected in the financial statements. No provision for impairment is deemed necessary.

ii. Receivables

Credit risk for receivables is mitigated by stringent credit reviews and approval of limits to customers as well as regular credit evaluation of customers. Appropriate credit checks, references and analyses are undertaken in order to assess customers' credit risk profile prior to offering new credit or increasing existing credit limits. Many of the customers who are experiencing cash flow difficulties and are exceeding their credit limits are identified, and the appropriate actions are taken. Key Performance Indicators are reviewed regularly, including cash collected, average debt collection period, percentage of customers with overdue balances and debts deemed uncollectible. Credit limits for all customers inclusive of payment history and risk profile are reviewed annually before the renewal of credit facilities.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

ii. Receivables (continued)

Ageing analysis of trade receivables that are past due but not impaired

Trade receivables that are less than 90 days past due are not considered impaired. As of 31 December 2019, trade receivables of $327,835 (2018 - $365,365) were reviewed for impairment and a provision of $32,812 (2018 - $31,181) was considered necessary.

Management continues to critically review this position as they are aware that many of their customers who are retailers and wholesalers are experiencing difficult economic circumstances. The ageing analysis of these trade receivables is as follows:

	The Group		The Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Past due 31 to 60 days	157,611	179,189	110,498	110,853
Past due 61 to 90 days	67,653	52,462	63,225	35,608
Past due over 90 days	102,571	51,123	92,594	42,177
	327,835	365,365	266,316	188,638

Management does not consider that any additional provision is required for long outstanding balances due to the Group or Company, especially those over 90 days as all doubtful balances were written off during the year.

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Supermarket chains	174,489	157,066	174,489	157,066
Wholesale and retail distributors	655,532	622,827	600,164	540,236
Government entities	18,069	16,265	18,069	16,265
Manufactures	77,600	92,929	-	-
Other	34,236	25,282	28,086	25,282
	959,926	914,369	820,808	738,849
Overseas	6,926	6,233	6,926	6,233
Total (see note 18)	966,852	920,602	827,734	745,082

Overseas customers mainly relate to customers in the United States and the United Kingdom and represent approximately 0.72% (2018 - 0.84%) 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 is no change, from the prior, in the Groups exposure to credit risk or the manner in which it manages and measures the risk.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

iii. Total exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was $2.9 Billion (2018- $1.7 Billion) representing the balances as at 31 December 2019 for cash and short-term deposits, investments and receivables as reported in the statement of financial position of the Group.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's liquidity management process, as carried out within the Group and monitored by the Finance Director and Board of Directors, includes:

i. Monitoring future cash flows and liquidity on an ongoing basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

ii. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.

iii. Maintaining committed lines of credit.

iv. Managing the concentration and profile of debt maturities while optimizing cash returns on investments.

At 31 December 2019, the Company's three (3) largest credit suppliers amounted to approximately 41% (2018 - 20%) of the total annual purchases of the Company for the year ended 31 December 2019. Management continues to try to diversify the base of its credit suppliers on a regional basis as well as within intra-geographical regions within the markets in which the Company's major suppliers operate. In addition, the Company's supply chain has been expanded through forging of a new relationship with a major international commodity broker who helps to reduce the risk of depending on a few major suppliers.

The Group also has access to lines of secured credit to facilitate payments to major suppliers according to agreed credit terms should the Group at any time have insufficient cash resources to settle its obligations as they fall due.

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Undiscounted contractual cash flows of financial liabilities

The Group's financial liabilities comprise long-term loans, payables and accruals, based on undiscounted contractual payments which are due as follows:

Maturity Profile of the Group
2019

	Within 1 year 2019 $'000	Within 1 to 5 years 2019 $'000	Over 5 years 2019 $'000
Long-term loans	122,448	1,072,896	1,728,980
Lease liability	70,601	290,452	709,745
Short term loans	536,316	536,316	-
Payables and accruals	976,846	-	-
Total	1,706,211	1,899,644	2,438,725

Maturity Profile of the Group
2018

	Within 1 year 2018 $'000	Within 1 to 5years 2018 $'000	Over 5 years 2018 $'000
Long-term loans	67,105	321,654	543,535
Short term loans	736,416	736,416	-
Payables and accruals	1,149,544	-	-
Total	1,953,065	1,058,070	543,535

Maturity Profile of the Company
2019

	Within 1 year 2018 $'000	Within 1 to 5years 2018 $'000	Over 5 years 2018 $'000
Long-term loans	119,629	1,039,396	1,646,476
Lease liability	66,602	333,010	574,806
Short term loans	535,000	535,000	-
Payables and accruals	902,850	-	-
Total	1,624,081	1,907,406	2,221,282

Maturity Profile of the Company
2018

	Within 1 year 2017 $'000	Within 1 to 5years 2017 $'000	Over 5 years 2017 $'000
Long-term loans	67,105	857,760	-
Short term loans	736,416	736,416	-
Payables and accruals	1,090,545	-	-
Total	1,894,066	857,760	-

29. CAPITAL AND RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Assets available to cover financial liabilities include cash, short term deposits and available-for-sale investments.

Off-balance sheet items – Commitments

(I) The Company has registered bills of sale over real estate and motor vehicles along with demand debentures to cover asset amounting to $1.6 Billion.
(II) The Group has no significant capital commitments that have been authorized at 31 December 2019.
(III) The Group has long term obligations under long term operating leases for premises. See note 25, borrowings for the future liability of minimum lease payments.

(d) Reputational Risk

The Group is engaged in a business that principally distributes basic food items and flavours to the general consuming population, and its reputation is critical within the market place. The Group's management endeavours at all times to be ethical and adopt international best practices, especially with regard to bulk frozen meats and other bulk commodities such as rice and red kidney beans.

The Group also ensures that the necessary sanitary standards are maintained to guarantee that regular audits by the Bureau of Standards are successfully undertaken. In addition, customer audits are undertaken to facilitate continuous improvement and efficient customer delivery services.

Customer complaints are promptly and properly investigated and appropriately assessed, and transparency is maintained; where necessary customers are promptly compensated if they have suffered a loss. Management considers the Group's reputation secured as they ensure that events that may damage its reputation are immediately investigated. The appropriate action taken to deal with the matter in a manner that satisfies the complainant.

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into level 1 to 3 based on the degree to which the fair value is observable. The fair value of a liability reflects its non-performance risk.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments. The fair value of financial instruments traded in active markets is based on quoted market prices at the yearend, 31 December 2019. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and frequently occurring market transactions on an arm's length basis. The quoted market price used for financial assets is the current bid price.

At 31 December 2019, these instruments are quoted investment securities (Note 20) which are grouped in level 1.

At the reporting date, the Company's financial assets and liabilities were reported at fair values, and there was no necessity to estimate values using present value or other estimation and valuation techniques based on market conditions existing at the statement of financial position date.

The Group has no financial assets grouped in levels 3.

The following methods and assumptions have been used in determining fair values:

i. The face value, less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, are estimated to approximate their fair values. These assets and liabilities include cash and bank balances, short term investments, trade receivables and payables.

ii. The carrying values of long term loans approximate their fair values, as these loans are carried at an amortised cost reflecting their contractual obligations and the interest rates reflective of current market rates for similar transactions.

31. CONTINGENT LIABILITIES

In the normal course of business, the Group is subject to various claims, disputes and legal proceedings. Provision is made for such matters when, in the opinion of management and its professional advisors, it is probable that the Group will make a payment, and the amount can be reasonably estimated.

I. The Group and Company's attorneys that routinely act on behalf of the Group, by letter dated 12 February 2020, reported with regards to the Company's year ended 31 December 2019, as follows:

- They were not aware of any judgment or settlement or any actual pending or threatened litigation or claim, nor of any outstanding, actual, pending or threatened litigation
- They were not aware of any outstanding tax or other claims against the Company whether pending or threatened nor are they aware of any other contingent liability against the Company.
- They were not aware of any guarantees of indebtedness to others made by the Company, not publicly disclosed
- They hold no trust monies on behalf of the Company

II. Management reported that the Company had no outstanding significant capital commitments in respect of projects being undertaken, nor was there any off-balance sheet transactions as at 31 December 2019 (31 December 2018 - $NIL).

III. As at 31 December 2019, as far as the Board of Directors of the Company are aware, there were no significant legal claims threatened against the Company.

IV. As at 31 December 2019, under the 2016 Income Tax (Amended) Act, as a result of the listing of both DTCL and its subsidiary, CFFL, on the Junior Market of the Jamaican Stock Exchange, The Group has potential contingent liabilities of approximately $270 Million in regards to income tax remissions.

32. SUBSEQUENT EVENTS

At 31 December 2019, to the best of management's knowledge and belief, they were not aware of any events that occurred after the statement of financial position date and through to the date of approval of these financial statements that would require adjustment to or disclosure in the aforementioned financial statements. Also, they were not aware of any event or matter, although not affecting such financial statements or disclosures, have caused or are likely to cause any material change, adverse or otherwise, in the financial position or results of operations of the Company.

Appendix 03:

Unaudited Financial Statements for the 9 Months ended September 30, 2020

Consolidated Statements of Derrimon Trading Company Limited

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

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

Financial Highlights

Consolidated Group

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

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

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

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

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

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

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

The Company

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

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

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

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

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

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

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

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

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

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

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

Derrick Cotterell
Chairman/Chief Executive Officer

TABLE OF CONTENTS

FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
Consolidated Profit before tax $315.50M

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

	Notes	Group Unaudited Consolidated Three months ended September 30 2020 $'000	Group Unaudited Consolidated Three months ended September 30 2019 $'000	Group Unaudited Consolidated Nine months ended September 30 2020 $'000	Group Unaudited Consolidated Nine months ended September 30 2019 $'000	Group Audited year ended December 31 2019 $'000
Revenue						
Trading Income	2f	3,315,390	3,243,919	9,618,342	9,330,761	12,649,017
Less cost of sales		2,674,446	2,679,201	7,777,834	7,871,854	10,370,183
Gross Profit		640,944	564,718	1,840,508	1,658,907	2,278,834
Other Income		21,516	8,337	62,974	20,489	37,767
		662,460	573,055	1,903,482	1,679,396	2,316,601
Less operating expenses:						
Administrative		389,371	351,835	1,137,881	983,004	1,279,414
Selling & distribution		116,227	89,702	304,066	282,740	408,265
		505,598	441,537	1,441,947	1,265,744	1,607,679
Operating profits/ (loss) before finance charges		156,862	131,518	461,535	413,652	628,922
Less : finance cost		(54,912)	(63,690)	(146,035)	(159,375)	(283,196)
Profit before taxation		101,950	67,828	315,500	254,277	345,726
Taxation (Estimated)	6	11,251	8,843	34,838	33,155	(43,018)
Net Profit		90,699	58,985	280,662	221,122	302,708
Net Profit Attributable to:						
Shareholders of the company		85,105	54,787	258,603	203,548	290,744
Non-controlling interest		5,594	4,198	22,058	17,574	11,964
Total comprehensive income		90,699	58,985	280,662	221,122	302,708
* Earnings per stock unit	2p	0.031	0.020	0.095	0.074	0.106

* Restated due to stock split of 10:1

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

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

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

	Notes	Company Unaudited Derrimon Nine Months September 30 2020 $'000	Company Unaudited Derrimon Nine Months September 30 2019 $'000	Group Unaudited Consolidated Nine months ended September 30 2020 $'000	Group Unaudited Consolidated Nine months ended September 30 2019 $'000	Company Audited year ended December 31 2019 $'000	Group Audited year ended December 31 2019 $'000
ASSETS							
Non-current assets:							
Fixed Assets	2g	416,353	376,779	517,897	476,451	385,375	483,476
Right of use assets	2k	932,008	-	961,947	-	945,170	1,030,877
Goodwill	2i	33,220	33,220	182,120	163,590	33,220	182,120
Deferred tax asset				-		5	0
Intangible	2i	-	-	256,523	253,478	-	256,523
Investment in Subsidiary	5	942,541	948,426	-	160,278	942,541	-
Current assets:							
Receivables and prepayments		1,232,055	1,189,939	1,456,388	1,457,102	815,231	1,033,069
Inventories		1,563,213	1,096,573	1,785,685	1,321,938	1,750,852	1,992,174
Investment		31,863	39,619	361,125	213,153	31,530	289,599
Cash & bank		201,156	436,745	234,725	483,463	491,546	509,627
Tax recoverable			-	3,156	-	1,317	6,819
		3,028,287	2,744,865	3,841,079	3,485,656	3,120,309	3,821,488
Current Liabilities:							
Payables		830,047	750,953	911,262	803,413	902,850	975,846
Short term loans		343,802	127,966	343,802	127,966	535,000	536,316
Current portion of long term loan		543,379	508,000	546,198	508,000	119,529	122,448
Current portion of lease Liability		20,292	-	23,673		66,302	70,601
Taxation payable		-	5,742	5,742		-	7,472
		1,737,520	1,392,661	1,830,677	1,439,379	1,623,781	1,713,683
Net current assets		1,290,767	1,352,204	1,970,402	2,046,277	1,496,528	2,107,805
Total assets less current liabilities		3,614,889	2,710,629	3,888,889	3,080,424	3,802,848	4,060,001
Equity							
Issued capital		140,011	140,011	140,014	140,011	140,011	140,011
Non-controlling interest		-	-	177,342	180,171	-	169,382
Retained earnings		1,115,697	858,759	1,181,281	1,023,893	947,982	931,831
Investment revaluation reserve		614	614	614	614	614	614
Capital Reserve		94,638	94,638	94,638	94,638	94,638	94,638
		1,350,993	1,094,055	1,593,922	1,439,358	1,183,278	1,333,512
Non Current Liability:							
Borrowings		1,442,272	1,616,574	1,457,088	1,641,066	1,711,454	1,731,005
Lease liability		821,624	–	837,879		908,116	1,000,272
Deferred tax liability		-	-	-	-	-	4,211
		2,263,896	1,616,574	2,294,967	1,641,066	2,619,570	2,735,489
Total equity and non-current liabilities		3,614,889	2,710,629	3,888,889	3,080,424	3,802,848	4,069,001

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

Derrick Cotterell
Chairman

Ian Kelly
Director

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

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

	Share Capital $'000	Retained Earnings $'000	Investment Revaluation Reserve $'000	Capital Reserves $'000	Non-controlling interest $'000	Total $'000
Balance at 31 December 2019	140,044	934,334	614	94,638	163,382	1,333,512
Total comprehensive income	-	258,603	-	-	22,058	280,662
Non-controlling interest		(12,053)			(8,198)	(20,251)
Balance at September 30, 2020	140,044	1,181,284	614	94,638	177,242	1,593,922

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

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

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

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

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

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

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

Notes to the Unaudited Financial Statements
Nine (9) Months Ended September 30, 2020

IDENTIFICATION AND PRINCIPAL ACTIVITIES

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Judgments and Estimates

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

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

Revenue from contract with customers

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

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

Leases

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

Consolidation

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

Joint arrangement

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

Investment property

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties and related party transactions

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

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

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

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

Contingencies

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Impairment of assets

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

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

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

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

Others

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Effects of Changes in Accounting Policies

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

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation

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

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

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

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

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

(b) Joint operation

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Business combination

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

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

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

Non-controlling interests

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

(d) Segment reporting

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

The Company has identified the following segments:

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets

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

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

(f) Revenue recognition

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

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

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

i. Sales

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

ii. Interest income

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

iii. Dividend income

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

iv. **Other operating income**

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment

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

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

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

Current annual rates of depreciation are:

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(I) Intangible assets

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Research and development expenditure

Expenditures on research activities are expensed as incurred.

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

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

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

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

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

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

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

(j) Financial instruments

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

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

Classification and Subsequent Measurement

Financial assets

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Credit risk and expected credit loss

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

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

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

(k) Inventories

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other receivables

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

(m) Taxation

Income tax

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

Current taxation

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

Deferred taxation

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Borrowing; borrowing cost and interest

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

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

(o) Share capital, dividends and distributions

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

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

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

(p) Earnings per share

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

3. SEGMENTAL FINANCIAL INFORMATION

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

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

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

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

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

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

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

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

SEGMENTAL FINANCIAL INFORMATION (CONTINUED)

Segmental Financial Information

	The Group 2020			
	Distribution	Sampars Outlets	Other Operations	Total
	$'000	$'000	$'000	$'000
Revenue from external customers	5,275,097	3,466,293	876,952	9,618,342
Depreciation	10,583	9,990	5,464	26,037
Current Liabilities	1,317,962	419,538	93,157	1,830,677
Current Assets	2,192,179	836,108	772,792	3,801,079

	The Company 2020		
	Distribution	Sampars Outlets & Select Grocers	Total
	$'000	$'000	$'000
Revenue from external customers	5,275,097	3,466,293	8,741,390
Depreciation	10,583	9,990	20,573
Current Liabilities	1,317,962	419,538	1,737,520
Current Assets	2,192,179	836,108	3,028,287

4. JOINT OPERATIONS

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

5. INVESTMENT IN SUBSIDIARIES

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

6. INCOME TAX

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

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

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

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

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

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

7. LEASE LIABILITY

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

Principal amounts payable:

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

Principal repayments for each of the next five years:

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

DERRIMON TRADING

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

SEPTEMBER 30, 2020

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

DERRIMON TRADING

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS AND SENIOR OFFICERS AS AT SEPTEMBER 30, 2020 (continued)

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

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

Appendix 04:

List of Locations for Lead Broker and Selling Agents

APPENDIX 04: LIST OF LOCATIONS FOR LEAD BROKER AND SELLING AGENTS

BARITA INVESTMENTS LIMITED – ARRANGER AND LEAD BROKER

Branch	Location
Barita Investments Limited – Head Office	15 St. Lucia Way Kingston 5
Barita Investments Limited - Manchester	Shop 2A, Manchester Shopping Centre 17 Caledonia Road, Mandeville, Manchester
Barita Investments Limited – Montego Bay	Suite S304, Baywest Shopping Centre Harbour Street Montego Bay, St. James

JN FUND MANAGERS LIMITED – SELLING AGENT

Branch	Location
JN Fund Managers – New Kingston	2 Belmont Road Kingston 5
JN Fund Managers - Montego Bay	Lot 2-5 Megamart Complex Montego Bay, St. James
JN Fund Managers - Manchester	Mandeville Plaza Mandeville, Manchester

JAMAICA MONEY MARKET BROKERS LIMITED (JMMB) – SELLING AGENT

Branch	Location
JMMB – Haughton	5 Haughton Avenue Kingston 10
JMMB – New Kingston	11 Knutsford Boulevard Kingston 5
JMMB – Junction Agency	Shop 2, Roye's Plaza Main Street, Junction St. Elizabeth
JMMB - Mandeville	23 Ward Avenue Mandeville, Manchester
JMMB – Montego Bay	Suite 1, Fairview Office Park Alice Eldermire Drive, Montego Bay, St. James
JMMB – May Pen	Shop 28B, Bargain Village Plaza 35 Main Street, Clarendon
JMMB– Ocho Rios	Guardian Life Building 2 Graham Street Ocho Rios, St. Ann
JMMB - Portmore	47-48 West Trade Way Portmore Town Centre Portmore, St. Catherine
JMMB – Santa Cruz	Shop No. 2, Oasis Plaza Coke Drive, Santa Cruz St. Elizabeth

SAGICOR INVESTMENTS JAMAICA LIMITED – SELLING AGENT

Branch	Location
Sagicor Investments – Hope Road (Head Office)	85 Hope Road Kingston 6
Sagicor Investments – Dominica Drive	17 Dominica Drive Kingston 5
Sagicor Investments – Montego Bay	Shop B8, 21B Fairview Shopping Centre, Bogues Estates, Montego Bay, St. James
Sagicor Investments – Montego Bay	Shop #1, Sagicor Commercial Centre Howard Cooke Boulevard, Montego Bay, St. James
Sagicor Investments – Duke and Tower Street	17a Duke Street, Kingston
Sagicor Investments – Half Way Tree	6C Constant Spring Road Kingston 8
Sagicor Investments - Liguanea	106 Hope Road Kingston 6
Sagicor Investments – Tropical Plaza	Shop #25, 12 ½ & 14 Constant Spring Road Kingston 8
Sagicor Investments – Ocho Rios	Units 5&6, Eight Rivers Town Centre, Buckfield, Ocho Rios, St. Ann

Sagicor Investments – Savanna -La-Mar	Great George St. Savanna-La-Mar, Westmoreland
Sagicor Investments - Mandeville	5-7 Ward Avenue Mandeville, Manchester
Sagicor Investments – May Pen	6B Manchester Avenue May Pen, Clarendon
Sagicor Investments – Black River	Corner High and School Streets Black River, St. Elizabeth
Sagicor Investments - Portmore	Shop #34, Portmore Pines Plaza Portmore, St. Catherine

PROVEN WEALTH LIMITED – SELLING AGENT

Branch	Location
Kingston – Head Office	7 Haining Road Kingston 5, St. Andrew
Mandeville	Unit 5B Cobblestone Professional Centre, 1A Brumalia Road, Mandeville, Manchester
Montego Bay	Unit 11 Suite B, Fairview II Shopping Centre Montego Bay, St. James

SCOTIA INVESTMENTS JAMAICA LIMITED – SELLING AGENT

Branch	Location
Scotia Investments – Head Office	7 Holborn Road Kingston 10
Scotiabank - Spanish Town	Shop 26, Oasis Shopping Centre 6 March Pen Road Spanish Town, St. Catherine
Constant Spring Financial Centre	132-132A Constant Spring Road Kingston 8
Scotiabank – Half-Way Tree	82-84 Half-Way-Tree Road, Kingston 10
Scotiabank - Mandeville	1a Caledonia Road, Mandeville, Manchester
Scotiabank - Ocho Rios	Main Street, Ocho Rios, St. Ann
Scotiabank – Savanna -La-Mar	19 Great Georges Street Savanna-La-Mar, Westmoreland
Scotiabank - Liguanea	125-127 Old Hope Road, Kingston 6
Scotiabank – New Kingston	2 Knutsford Boulevard, New Kingston Kingston 5

APPENDIX 04: LIST OF LOCATIONS FOR LEAD BROKER AND SELLING AGENTS

Fairview Financial Centre	1 Port Avenue Bogue, Montego Bay St. James
Scotiabank - Cross Roads	86 Slipe Road Cross Roads, Kingston 5
Scotiabank - Portmore	Lot 2, Cookson Pen Bushy Park, Greater Portmore St. Catherine
Scotiabank - Portmore	Corner Duke & Port Royal Streets Kingston

Appendix 05:

Auditor’s Consent

APPENDIX 05: AUDITOR'S CONSENT

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

2 Seymour Avenue, Unit 11
Seymour Park, Kingston 6
Phone: (876) 978-3129 / (876) 978-9789
Fax: (876) 927-6409
Website: www.wmckenley.com

December 1, 2020

The Board of Directors
Derrimon Trading Company Limited
235 Marcus Garvey Drive
Kingston 11

Dear Ladies and Gentlemen:

Consent Letter for Inclusion of Auditor's Report in Prospectus for an invitation of 1,498,698,931 Ordinary Shares in Derrimon Trading Company Limited with the option to up-size for an additional 301,301,069 Ordinary Shares

Reference is made to the above-mentioned Prospectus which has been signed for and on behalf Derrimon Trading Company Limited (the "Company") by the Directors of the Company.

In accordance with Section 42 of the Companies Act 2004 (Expert's consent to issue of prospectus containing statement by him), Mckenley & Associates, Chartered Accountants, hereby consents to the issue of the Prospectus with the inclusion therein of:

(a) The Company's audited financial statements for the financial year ended December 31, 2019 and our Independent Auditor's Report thereon dated February 22, 2020;

(b) a summary of the Company's five (5) year financial performance which utilize extracts from the Company's audited financial statements for the financial years ended December 31, 2015 to December 31, 2019.

We confirm that we have not withdrawn our consent before delivery of a copy of the Prospectus to the Companies Office of Jamaica or the Financial Services Commission for registration.

This consent letter should not be regarded as in any way an update or qualification to the aforementioned financial reports or that we performed any procedures or services subsequent to the date of such reports.

Yours sincerely,

McKenley & Associates

McKenley & Associates
Chartered Accountants

Wilfred M. McKenley, F.C.C.A., F.C.A., M.B.A., Janice E. McKenley, B.Sc., EMBA., F.C.C.A., F.C.A. (Partner on Leave)

DERRIMON
TRADING CO. LTD