



REPORT

2020

ANNUAL



27TH



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MISSION

Improve people's lives through high quality products.

VISION

We strive to make our customers' lives better through the offerings of high-quality products. FosRich provides value through quality electrical, lighting, energy, and engineering solutions.

CORE VALUES

We hold a deep and abiding respect for each customer, every colleague, and our shareholders.

We commit to finding new, practical, and innovative ways to make the term "excellent customer service" more relevant to each customer - everyday.

We commit to the relentless renewal of our enterprise through the constant training of our people at all levels.

In our merit-based culture, individual reward and recognition will be a result of measured performance.

We treat all competitors as noble, but we compete fairly and vigorously to win.

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YEAR IN REVIEW



JANUARY
JSE Investment
Conference



FEBRUARY
JSE Market
by the sea



AUGUST
Colours of Independence

DECEMBER
First dividend paid
since listing on the
stock exchange.

FEBRUARY
Sigma Run



JULY
Factories Corporation
of Jamaica ceremony
Hayes Clarendon



NOVEMBER
HUAWEI partnership
with FosRich



AUGUST
**ANNUAL GENERAL
MEETING**
Held on 18th August
2020, our Annual General
Meeting was held online
due to the GOJ restrictions
on meeting size as a result
of the Covid pandemic.



CHAIRMAN'S STATEMENT

The beauty of the earth finds reserves of strength and power that will endure as long as life lasts.



2020 has been a very testing and challenging year for everyone, not only for us in Jamaica but for the entire world, due to the Covid-19 pandemic. Economies across the globe have suffered in some way as a result. Some businesses have been devastated and have been forced to close their doors permanently; some are alive but stuttering and others have not been so severely affected.

FosRich has been fortunate and blessed to have managed to keep all its stores open despite staff shortages resulting from the quarantine measures at specific periods during the year. Despite the challenges faced, we are happy to report that 2020 was another year of significant progress. We have achieved a fifth successive year of increased revenues and earnings per share demonstrating the strength of our business model and successful execution of our strategy.

Our financial performance in the year was good. Revenues were \$1.895 billion, exceeding the prior year's total of \$1.612 billion. Net profit grew by 18% from \$106.9 million in 2019 to \$125.7 million in 2020. The company's recent venture into the local manufacturing of PVC electrical conduits, water pipes and drainpipes has begun to bear fruit and has contributed significantly to our bottom line. The close oversight and tight management of all cost lines, the continued growth of the industrial segment of the business and access to funding, are also contributing factors to the increased revenues. As a result of our strong financial performance for the year and despite being in the Covid period, the Board declared a dividend of \$0.095 per share which was paid to our shareholders in December.

A key pillar of FosRich that has remained consistent over the years is its vision of striving to make our customers' lives better through the offerings of high-quality products and the value these provide. This approach has served the company well and our conclusion is that we can continue to grow and take market share by executing this strategy.

It is said that the success of an organisation is dependent on its culture and the people and talent within it, and FosRich is no exception. We have significant strength and depth within our company, with several of our team members boasting long tenures, who share our core values of Respect, High Performance, Knowledge, Fair Competition, and excellent Customer Service.

The company has maintained its great relationship with its Fortune 500 partners - Philips, Siemens, Nexans, General Electric and more recently, Huawei with its photovoltaic (PV) Fusion solar inverters. It is our aim to continue to build on these relationships and improve on the products offered to all customers.

FosRich is determined to continue on its growth path not only with its present business segments but also with the addition of our most recent, the signing of a 4-year renewable contract in the 4th quarter with the Jamaica Public Service, to repair yearly over a thousand of their approximately 40,000 transformers in its power distribution system. All pieces of equipment have been acquired and installed, and the factory will be in full operation by the end of February 2021. FosRich is also expecting increased revenues from the expansion of the PVC segment of the business, in the manufacturing of PVC fittings and large diameter pipes, to fill the demand locally. This production is expected to begin in the latter part of the second quarter and in the third quarter, respectively. We are confident that these investments will yield a great return for our shareholders.

I would like to extend my sincere gratitude to my fellow members of the Board and all our team members throughout the branches, for their unwavering commitment to the company's business. To our shareholders, customers, and other stakeholders, I would like to say thank you for your support as we continue to expand our business and bring greater value to all, going above your expectations.

As we look forward to the year 2021 with its ongoing macroeconomic uncertainties, as well as the continued negative impact of Covid 19, we are encouraged by our start and remain optimistic that further revenue growth will be generated, not only for the company but for the country. We will work relentlessly to make this a reality.

MARION FOSTER
Chairman Of The Board

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting of the shareholders of FosRich Company Limited ("the Company"), will be convened on Tuesday August 17, 2021 at 2:30 p.m. as a hybrid event, (in accordance with an Order by the Supreme Court of Judicature of Jamaica in Claim Number SU2021CD00113 made April 26, 2021), for the following purposes -:

ORDINARY BUSINESS

1. To receive the Directors' Report, the Auditor's Report and the Audited Financial Statements of the Company for the financial year ended December 31, 2020.
To consider and if thought fit pass **Ordinary Resolution#1**
"That the Audited Financial Statements for year ended December 31, 2020 together with the Auditor's Report and the Report of the Directors of the Company be hereby received and adopted."
2. To retire one third of the Directors by rotation in accordance with Article#98 and re-elect the retiring Directors as provided by Article#99 of the Company's Articles of Incorporation. The Directors retiring in 2021 are Marion Foster and Rosalyn Campbell and being eligible are offering themselves for re-election.
To consider and if thought fit pass **Ordinary Resolution#2a**
"That Marion Foster retires by rotation and being eligible she is re-elected to continue to serve as Director of the Company for the ensuing year."
To consider and if thought fit pass **Ordinary Resolution#2b**
"That Rosalyn Campbell retires by rotation and being eligible is re-elected to continue to serve as Director of the Company for the ensuing year."
3. To ratify the dividend declared and paid by the Company for the year ended December 31, 2020.
To consider and if thought fit pass **Ordinary Resolution#3**
"That a dividend declared of \$0.095 per share and paid on December 11, 2020, to the shareholders on record as at November 27, 2020, by the Company, be approved as at the date of the Annual General Meeting."
4. To re-appoint the Auditors and authorize the Board of Directors to fix their remuneration.
To consider and if thought fit pass **Ordinary Resolution#4**
"That Messrs. Crooks Jackson Burnett, Chartered Accountants of Unit 9a, 2 Seymour Avenue, Kingston 6, Jamaica, having agreed to continue in office as Auditor be and are hereby re-appointed to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

SPECIAL BUSINESS:

5. Amendments to the Company's Articles of Incorporation
To consider and if thought fit pass **Special Resolution#5:**
"THAT the Company's Articles of Incorporation be hereby amended."
AND
"THAT the proposed amendments, including strikeouts to the articles be shown in highlighted bold fonts."

PROPOSED AMENDMENTS

Article # 1 - Interpretations

The definition of "Electronic", "In Writing" and "Hybrid meeting" to be included as follows:

"electronic" means and include but not limited to technology utilized by facsimile machines, scanning devices mails sent using computer or other similar automated or photographic devices, webcasting, teleconferencing, videoconferencing, live stream or broadcast or a combination of these.

"in writing" means and includes **not only** printed, lithographed, typewritten and visibly represented or reproduced by any other mode, **but also includes electronic mail and attachments, posted links to access documents on a website or documents stored and delivered on a portable computer storage medium.**

"hybrid meeting" means meeting held in person and by electronic means

Article # 5 – Share Capital and Variation of Rights

Amendments to read:

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy **or in person by electronic means or by proxy by electronic means,** may demand a poll.

Article # 35 (e) – Joint Holders of Shares

Amendments to read:

any one (1) of the joint holders of any share for the time being conferring a right to vote may vote either personally or by proxy **or in person by electronic means or by proxy by electronic means** at any meeting in respect of such share as if he were solely entitled thereto, providing that if more than one (1) of such joint holders to be present at any meeting, either personally or by proxy, the person whose name stands first in the register as one of such holders, and no other, shall be entitled to vote in respect of the said shares;

Article # 50 – General Meetings

Amendments to read:

The company shall in each year hold a general meeting as its annual general meeting **at such time and place in person or by electronic means or by a combination of both as the directors shall appoint,** in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen (15) months shall elapse between the date of one annual general meeting of the company and that of the next. Provided that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.

Article # 53 – Notice of General Meetings

Amendments to read:

An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one (21) clear days' notice in writing at the least, and a meeting of the company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen (14) clear days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting **and the mode by which members and proxies shall participate, whether in person or by electronic means or a combination of both** and, in the case of special business, the general nature of that business, shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company:

Article # 56 - Proceedings at General Meetings

Amendments to read:

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two (2) members present in person or by proxy **or in person by electronic means or by proxy by electronic means** shall be a quorum.

Article # 61 - Proceedings at General Meetings

Amendments to read:

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands **if in person, or if participation is by electronic means by counts of votes, or indicated by a show of hands received by electronic means, or orally by electronic means**, unless a poll is (before or on the declaration of the result of the show of hands) demanded-

- (a) by the chairman; or
- (b) by at least two members present in person or by proxy **or in person by electronic means or by proxy by electronic means;**
or
- (c) by any member or members present in person or by proxy **or in person by electronic means or by proxy by electronic means** and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.

Article # 62 - Proceedings at General Meetings

Amendments to read:

Except as provided in article 66, if a poll is duly demanded it shall be taken in such manner, **whether participation shall be in person or by electronic means or hybrid**, as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Article # 63 - Proceedings at General Meetings

Amendments to read:

In the case of an equality of votes, whether on a show of hands or on a

poll, **whether in person or by electronic means, by counts of votes indicated by a show of hand, or orally by electronic means**, the chairman of the meeting at which ~~the show of hands take place or at which the poll is demanded,~~ **equality of votes takes place**, shall be entitled to a second or casting vote.

Article # 65a - Votes of Members

Amendments to read:

Subject to any rights or restrictions **as to voting**, for the time being, attached to any class or classes of shares, on a show of hands, every member present in person, **or proxy or person by electronic means or proxy by electronic means** shall have one (1) vote, and on a poll every member, present in person or proxy, **or person by electronic means or proxy by electronic means**, shall have one (1) vote for each share of which he is the holder.

Article # 67a - Votes of Members

Amendments to read:

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, **whether in person or by electronic means**, by his committee, receiver, or other person in the nature of a committee or receiver appointed by that court, and any such committee, receiver, or other person **whether present in person or electronic means** may on a poll vote by proxy **or by electronic means or proxy by electronic means**.

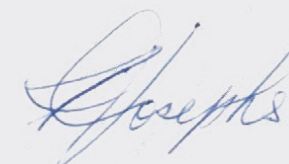
Article # 67b - Votes of Members

Amendments to read:

On a poll, vote may be given either personally or by proxy **or by person present by electronic means or proxy present by electronic means**.

Dated this 27 day of April 2021

BY ORDER OF THE BOARD



Ruth Josephs
Company Secretary

Registered Office: 79 Molyne's Road, Kingston 10, Jamaica
Registrar: Jamaica Central Securities Depository Limited, 40 Harbour Street, Kingston.

Notes:

1. A member entitled to attend and vote at this Annual General meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. A Proxy Form is enclosed at the back of the annual report for your convenience.
3. Members can also download a proxy form from the company's website (www.fosrich.com).
4. A Director and the Company Secretary are required to sign the proxy form of a corporate member under the common seal of that company.
5. Amendments made to the proxy form must be initialed by the member(s) signing.
6. In the case of joint holders, any member may sign the proxy form to the exclusion of the other joint holder(s).
7. The completed form must be properly executed, stamped and together with the power of attorney or other documents appointing the proxy, must be deposited with the Secretary at the Registered Office of the company at 79 Molyne's Road, Kingston 10, no later than 2:30 p.m. Friday 13th August 2021.
8. The Proxy Form shall bear stamp duty in the amount of \$100.00 by way of postal adhesive stamp(s) which is to be cancelled by the person signing the form.

Meeting Access

Connection information for the virtual Annual General Meeting is as follows:

Zoom Video Communications

<https://us02web.zoom.us/j/6695177929> or Meeting ID: 669 517 7929

EIGHT-YEAR STATISTICAL SUMMARY

	2020	2019	2018	2017	2016	2015	2014	2013
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
INCOME STATEMENT								
Revenue	1,896	1,612	1,293	1,046	1,156	948	928	774
Gross Profit	825	710	534	473	469	363	401	363
Expenses	732	652	490	456	451	358	362	301
EBITDA	311	272	168	137	114	74	109	112
Profit After Tax	126	107	90	55	30	3	36	50
Earnings per share	\$0.25	\$0.21	\$0.18	\$0.14	\$0.08	\$0.01	\$0.09	\$0.12
BALANCE SHEET								
Assets	3,056	2,450	2,053	1,294	1,120	1,103	992	956
Net Current Assets	1,429	1,242	1,350	566	285	307	324	455
Retained Earnings	441	363	256	165	114	84	81	174
Shareholders' Equity	869	800	693	605	399	369	366	458
Loan Financing	1,291	1,125	1,005	318	335	391	330	283
Right-of-use Liability	378	201						
RATIOS & OTHER								
Gross Profit %	44%	44%	41%	45%	41%	38%	43%	47%
Rate of stock turn per year	0.82	0.82	0.92	0.92	1.10	0.97	0.93	0.73
Days of sales in receivables	84	71	86	53	39	48	33	45
Current Ratio	3.46	4.30	5.02	2.71	1.60	1.71	1.98	3.08
Quick Ratio	0.95	1.20	1.98	0.82	0.29	0.31	0.27	0.51
Debt to Equity - Excluding Right-of-use Liability	1.49	1.41	1.45	0.53	0.84	1.06	0.90	0.62
Debt to Equity - Including Right-of-use Liability	1.92	1.66	1.45	0.53	0.84	1.06	0.90	0.62
OTHER								
Distribution Outlets	4	4	4	4	4	4	4	4
Average Team Size	132	138	92	77	105	87	87	85
No. of shareholders	1,395	1,365	1,110	1,179	2	2	2	2

CORPORATE INFORMATION

CORPORATE DATA

Registered Office
FosRich Company Limited
79 Molyne Road
Kingston 10, Jamaica W.I.
Tel: (876) 937-5099
Fax: (876) 758-5508
Email: info@fosrich.com
Website: www.fosrich.com

ATTORNEYS-AT-LAW

Patterson Mair Hamilton
Temple Court
85 Hope Road
Kingston 6, Jamaica W.I.

AUDITORS

Crooks Jackson Burnett
Unit 9a, Seymour Park
2 Seymour Avenue
Kingston 6, Jamaica W.I.

BANKERS

First Global Bank
28-48 Barbados Avenue
Kingston 5, Jamaica W.I.

Sagicor Bank Jamaica Limited
17 Dominica Drive
Kingston 5, Jamaica W.I.

Bank Of Nova Scotia
86 Slipe Road
Kingston 5, Jamaica W.I.

National Commercial Bank
94 Halfway Tree Road
Kingston 10, Jamaica W.I.

FINANCIAL ADVISERS

Stocks & Securities Limited
33 ½ Hope Road
Kingston 10, Jamaica W.I.

Mayberry Investments Limited
1 ½ Oxford Road
Kingston 5, Jamaica W.I.

REGISTRAR & TRANSFER AGENTS

Jamaica Central Securities
Depository
40 Harbour Street
Kingston, Jamaica W.I.

BOARD OF DIRECTORS

Executive Directors

Marion Foster
Chairman
BSc

Cecil Foster
Managing Director

Peter Knibb
Chief Financial Officer
FCCA, FCA, MBA, JP

Non-Executive Directors

Ian Kelly
MSc, BSc

Rosalyn Campbell
Attorney-at-Law

Steadman Fuller
L.L.B.

Board Committee Members

Marva Chang, FCCA, FCA
Clive Nicholas, FCCA, FCA

COMPANY SECRETARY

Ruth Josephs
ACIS, MJIM

SENIOR OFFICERS

Warren Riley
Senior Accountant

Vincent Mitchell
Route Sales Manager

Hector Mendoza
Commercial & Project Director

Tricia Edwards
Supply Chain & Inventory
Manager

Kerry-Ann Gray
Marketing Manager

Michelle Thame
Operations & HR Manager

Stephen Spencer
Business Development
Manager

RETAIL OUTLETS

Kingston General

79 Molyne Road Kingston 10,
Jamaica W.I.
Tel: (876) 937-2401
Fax: (876) 901-2438
Email: sales@fosrich.com
Email: lighting@fosrich.com

Kingston Industrial

76 Molyne Road Kingston 10,
Jamaica W.I.
Tel: (876) 937-5099
Fax: (876) 901-2438
Email: sales@fosrich.com

Mandeville - Live Your Dream Store

35 Ward Avenue, Mandeville
Jamaica W.I.
Tel: (876) 625-0250-2
Email: sales@fosrich.com
Email: lighting@fosrich.com

Montego Bay - Cottage Road - Better Homes Store

3 Cottage Road
Montego Bay, Jamaica W.I.
Tel: (876) 971-9117
Email: sales@fosrich.com
Email: lighting@fosrich.com

Montego Bay - Fairview - Lighting World Store

Shop #18 Fairview
Montego Bay, Jamaica W.I.
Tel: (876) 684-9431
Email: sales@fosrich.com
Email: lighting@fosrich.com



DIRECTORS' REPORT

Success is a journey, not a destination

The Directors hereby present their Report and the Audited Financial Statements for the year ended December 31, 2020.

Financial Results: Results for the year are set out in pages 36 - 67. Highlights thereof are set out below:

	2020 \$	2019 \$
Turnover	1,895,680,002	1,612,164,170
Net Profit	125,695,400	106,886,060
Net Assets	868,563,364	799,594,872
Dividends Paid	47,716,180	-

The Board: The Directors who served the Company since the last Annual General Meeting are:

Mrs. Marion Foster	- Chairman - Executive
Mr. Cecil Foster	- Managing Director - Executive
Mr. Peter Knibb	- Executive
Mrs. Rosalyn Campbell	- Independent
Mr. Ian Kelly	- Independent
Mr. Steadman Fuller	- Independent

The Directors retiring by rotation in accordance with Article 97 of the Company's Articles of Incorporation are Marion Foster and Rosalyn Campbell, who being eligible for re-election, offer themselves for re-election to the Board.

Auditors: Messrs, Crooks Jackson Burnett, Chartered Accountants, have signified their willingness to continue in office.

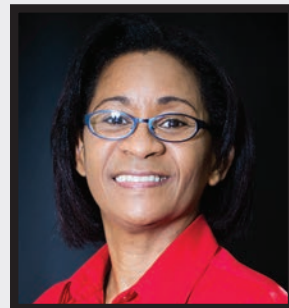
The Directors wish to express thanks to the management and staff for their continued commitment and hard work.

On behalf of the Directors
31st March 2021

MARION FOSTER
Chairman



BOARD OF DIRECTORS



MARION FOSTER

EXECUTIVE DIRECTOR & CHAIRMAN OF THE BOARD

Marion Foster, together with her husband Cecil Foster, is a Founder of the Company. Marion holds a BSc Degree in Management Studies from the University of the West Indies. She has been at the company full time since 1996 and was initially in charge of the Accounting department.

She graduated from The Mico Teachers' College in 1987 and thereafter taught in Jamaica and the USA for 6 years.



CECIL FOSTER

EXECUTIVE DIRECTOR & MANAGING DIRECTOR

Cecil Foster, together with his wife Marion Foster, is a Founder of the Company. Under his stewardship the Company grew from a micro enterprise at the time of its incorporation in 1993 and survived the financial meltdown in Jamaica. It has now grown into one of the major importers and distributors of electrical products in Jamaica, serving all sectors.

Cecil pursued a Marketing Degree at the University of Technology (formerly CAST) in 1994 with emphasis on business development and marketing. He is member of the King's House Foundation Board of Governors, and Chairman for the Grounds, Security and Maintenance sub-committee of the Board. He is also President of the Adventist's Layperson's and Services Industry (ASI) and a member of the Incorporated Master Builders' Association of Jamaica. Cecil is also the co-founder of the Good Samaritan Inn, a feeding program that provides meals 3 times per week to approximately 600 persons.

PETER KNIBB

EXECUTIVE DIRECTOR, BOARD MENTOR & CHIEF FINANCIAL OFFICER

Peter Knibb is a Chartered Accountant with 20 years' experience working in corporate groups and 14 years' experience working with 2 large audit firms. He has served as Chief Financial Officer for a large, highly regulated, publicly traded financial group for 20 years.

Peter has successfully managed all financial-related aspects of several mergers, acquisitions and integrations and has been an integral member of varied project teams, utilizing project management skills. He has served on strategic planning teams, where knowledge of local and global business management played a critical role in the level of contribution made to the process.

Peter is highly trained in taxation and management and applied his knowledge in the senior management roles held. He has conducted many external statutory audits and management control reviews in various industries while employed at audit firms and integrated the knowledge into corporate activities.

ROSALYN CAMPBELL

NON-EXECUTIVE DIRECTOR

Rosalyn Campbell is an attorney-at-law and was the Chief Executive Officer of the Private Security Regulation Authority. She has previously served as the Chief Executive Officer for Caymanas Track Limited (CTL) in Gregory Park, St. Catherine.

Rosalyn graduated from the University of London, England with honours and subsequently completed her Certificate in Legal Education at the Norman Manley Law School. She also obtained an MSc. in Business Administration from Barry University in Florida and is trained in Marketing and Project Management.

Rosalyn has also served as a director of the Trade Board, Caymanas Track Limited, the Land Taxation Relief Board and St. Dominic Business School, the Ashe Performing Arts Academy and as Chairman for the Jamaica Cultural Development Commission's Festival Queen Committee, and the United Way's Women, Leadership, Philanthropy and Volunteerism Committee.



IAN KELLY

NON-EXECUTIVE DIRECTOR

Ian Kelly is the Director, Finance of Derrimon Trading Company Limited and Caribbean Flavours and Fragrances Limited each of which are listed on the Junior Market. Ian is a seasoned financial and risk manager with senior level experience in the areas of treasury, corresponding banking, corporate finance, securities trading, and asset management.

Ian is a Certified Public Accountant (U.S.A.) and a Chartered Accountant (Jamaica) by profession. He holds both a Bachelor and a Master of Science degree in Accounting from The University of the West Indies. Ian also completed the Executive Development Program at the Wharton Business School of the University of Pennsylvania.

Ian's past Directorships include Kingston Freezone, Postal Corporation of Jamaica, Wigton Windfarm Limited (Chairman) and Clarendon College. He currently serves as Chairman for Tydixon Primary School and is a Director of Calum Enterprises Limited, Derrimon Trading Company Limited and Caribbean Flavours and Fragrances Limited.



STEADMAN FULLER, C.D.

NON-EXECUTIVE DIRECTOR

Steadman Fuller is the Chairman and Managing Director of the Kingston Bookshop. He is also an entrepreneur and philanthropist. Steadman graduated from the Mico Teachers' College (now the Mico University College). After 2 years in the classroom, he took on the challenge of managing the Kingston Bookshop, moving the company from one retail store to 7 stores across Kingston and Spanish Town including 4 locations in downtown Kingston.

Steadman completed a Bachelor of Law Degree (LLB Hons) at the University of Huddersfield in the United Kingdom. He was the second recipient of the prestigious Trail Blazer Award from the Book Industry Association of Jamaica (BIAJ). Steadman was installed as Custos Rotulorum for the Parish of Kingston on 25 February 2010.



RUTH JOSEPHS

COMPANY SECRETARY

Ruth Josephs is a Chartered Secretary with over 25 years' experience serving on the Board of Directors for Jamaica Institute of Management (2009), Restaurants of Jamaica Limited and Buying House Cement Limited in the capacity of Corporate Secretary.

Ruth is a graduate of the University of Technology, Business Administration, specialising as a Chartered Secretary and is an Associate member of the Chartered Governance Institute, London, since 1990.

BOARD COMMITTEE MEMBERS



MARVA CHANG

BOARD COMMITTEE MEMBER

Marva Chang is a resourceful Finance Executive with several years' experience in financial management across manufacturing, finance, facilities maintenance, and gaming industries for both publicly and privately held companies. Strong in administrative and organizational skills as well as core finance functions of auditing and accounting, pensions management, training, strategic planning, budgeting/forecasting, and relationship building.

Marva is a Chartered Accountant and is highly trained in accounting and human resources management and applied her knowledge in the senior management roles held. She has conducted many external statutory audits and management control reviews in various industries while employed at audit firms and integrated the knowledge into corporate activities.



CLIVE NICHOLAS, C.D.

BOARD COMMITTEE MEMBER

Clive Nicholas brings to the Board Committee over thirty (30) years' experience as a Senior Executive in the Jamaica Revenue Services, involved in all aspects of Tax Administration and Tax policy. Executive experience in transformation programs as Chairman of the Tax Administration Reform Project and the Customs Modernization Project. He was responsible for the implementation of General Consumption Tax in Jamaica in 1991 and for organizing and directing the policies and programs during the initial nine (9) year period. He was the Executive Member and Country Representative for Jamaica to the Inter-American Centre of the Tax Administration. He has acted as moderator and presented papers on several occasions. He was Team Leader and Tax Expert for U.W.I. Consulting Inc, a project to develop CARICOM Tax Database.

He has also received National Honour in 2002 for Service to the Public Sector, Order of Distinction in the Rank of Commander Class and was a member of the Parliament (Integrity of Members) Commission.

Clive has been a Chartered Accountant from 1987 and an expert in local and international tax systems, including, certification from Harvard University International Tax Program.

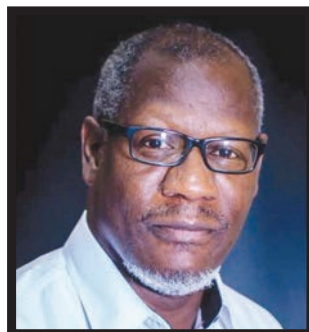
EXECUTIVE TEAM



CECIL FOSTER
EXECUTIVE DIRECTOR & MANAGING DIRECTOR

Cecil Foster, together with his wife Marion Foster, is a Founder of the Company. Under his stewardship the Company grew from a micro enterprise at the time of its incorporation in 1993 and survived the financial meltdown in Jamaica. It has now grown into one of the major importers and distributors of electrical products in Jamaica, serving all sectors.

Cecil pursued a Marketing Degree at the University of Technology (formerly CAST) in 1994 with emphasis on business development and marketing. He is member of the King's House Foundation Board of Governors, and Chairman for the Grounds, Security and Maintenance sub-committee of the Board. He is also President of the Adventist's Layperson's and Services Industry (ASI) and a member of the Incorporated Master Builders' Association of Jamaica. Cecil is also the co-founder of the Good Samaritan Inn, a feeding program that provides meals 3 times per week to approximately 600 persons.



PETER KNIBB
EXECUTIVE DIRECTOR, BOARD MENTOR & CHIEF FINANCIAL OFFICER

Peter Knibb is a Chartered Accountant with 20 years' experience working in corporate groups and 14 years' experience working with 2 large audit firms. He has served as Chief Financial Officer for a large, highly regulated, publicly traded financial group for 20 years.

Peter has successfully managed all financial-related aspects of several mergers, acquisitions and integrations and has been an integral member of varied project teams, utilizing project management skills. He has served on strategic planning teams, where knowledge of local and global business management played a critical role in the level of contribution made to the process.

Peter is highly trained in taxation and management and applied his knowledge in the senior management roles held. He has conducted many external statutory audits and management control reviews in various industries while employed at audit firms and integrated the knowledge into corporate activities.

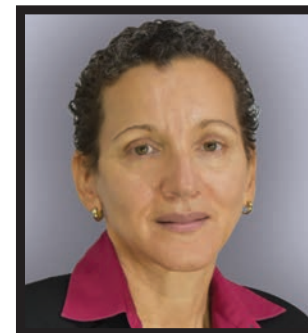


KERRY-ANN GRAY
MARKETING MANAGER

Joining the FosRich team in October 2008 as Assistant to the Managing Director, Kerry-Ann Gray has grown through the ranks. In 2013 she was assigned Supervisor of Lighting. 2015 saw her promoted to Division head of Lighting. She spearheaded the build-out and renovation of our retail outlets in Kingston, Mandeville and both Montego Bay locations. She is a hands-on leader who strongly believes in demonstrating to others that which you expect of them and she takes pride in being able to install anything, from a wall sconce to a chandelier, alongside her team members. After years of visiting different lighting showrooms, she still gets excited by beautiful lights.

Ms. Gray holds a Bachelor of Science Degree in Management Studies Emphasis in Marketing from the Northern Caribbean University (NCU); certificate in Supervisory Management from UWI Open Campus 2011. After spending nine (9) years with the team she was assigned the position of Marketing Manager in October 2017.

Kerry-Ann Gray is a fun-loving individual who takes great pride in satisfying customer needs and is an avid promoter of excellent customer service.



MICHELLE THAME
OPERATIONS AND HR MANAGER

Ms. Thame joined the company during 2019. She is a certified Project Manager and holds a B.Sc. in Hotel Management from the University of the West Indies. Over the years she has held senior management positions and worked as a consultant, in various business sectors with a focus in general management, operations management and human resources development for most of her career.

She has served as pension plan trustee, representative for the Jamaica Employer's Federation, treasurer of the Jamaica Hotel & Tourist Association (Negril Chapter) and has served on the management advisory committee for the National Tools & Engineering Institute (HEART).

Ms. Thame is currently an assessor with the National Council on Technical & Vocational Education & Training and is a member of the board of the Columbus Preparatory School.



VINCENT MITCHELL
ROUTE SALES MANAGER

Mr. Vincent Mitchell has been employed at FosRich since January 2011 and has over 35 years' experience in the sales field.

In his role as Sales Manager, he proactively and systematically develops new business which in turn broadens the customer base. Additionally, he develops, manages, and mentors the sales and contract representative teams' performance in sales achievement and applies strategies to increase the profit margin.



HECTOR MENDOZA
COMMERCIAL & PROJECT DIRECTOR

Hector Mendoza is an entrepreneur and is the co-founder of Neo Digital Inc. & Neo Tech Panama SA, which has a focus on innovating service level in lighting projects in Panama and Jamaica. He has more than 25 years of experience in regional management, possesses excellent interpersonal relations and is able to build and work with multidisciplinary and multicultural teams. Hector is skilled in key customer management and specialises in key projects negotiation.

Hector has excellent knowledge of the lighting and energy market. His main achievements were to triple the sales in 5 years for Central America and Caribbean business, which became the most profitable business in the Latin America region and to lead the restructuring process to improve company efficiency.



TRICIA EDWARDS
SUPPLY CHAIN & INVENTORY MANAGER

Miss Edwards joined FosRich Company Limited in 2005 as the organization's first Operations Manager. She brought with her 14 years' experience in the construction industry with an emphasis on retail and inventory management as well as wholesale distribution. During 2008-2009 Tricia lead the 6 months management information system conversion project converting the accounting system from the rudimentary DacEasy accounting software to the more comprehensive Pastel Evolution, which better meets the needs of our growing organisation.

She is a graduate of the University of Technology, Jamaica where she earned her Bachelor of Arts with Honours in Business Administration – majoring in Management. In 2013 Tricia became a member of the Supply Chain Management Association of Ontario and is in her final year of the post diploma professional designation program.

On and off the job Tricia is the consummate environmentalist and perfectionist, always striving for personal and professional excellence for herself and others.



WARREN RILEY
SENIOR ACCOUNTANT

Mr. Riley joined the company in January 2010. He is an accomplished accounting professional with more than 15 years progressive experience in the energy/utility industry. He has a CPA with a B.Sc. in Business Administration (Accounts) with hands-on experience in internal audit, financial analysis and reporting, Sarbanes-Oxley, internal control analysis, process documentation and improvement. He also worked at JPS for 17 years and at HEART TRUST for 1 year.

He is responsible for the overall running of that department - communicating with customers, conflict resolution and compliance on customer deliveries and revenue, reports to the Managing Director providing regular input on all account activities including status and call reports on a weekly basis, among others.



STEPHEN SPENCER
BUSINESS DEVELOPMENT MANAGER

Mr. Spencer joined the company during 2019. He has a B.Sc. Degree in Special Chemistry from the University of the West Indies. Over the years he has held senior management positions, working in various roles in various corporate organizations. In these roles he has garnered experiences in manufacturing, engineering, supply chain/distribution (Inventory management, in and out-bound logistics), sales, and general management.

Stephen is a dynamic, results-driven, motivational leader of several years, with excellent operational management skills in developing and driving strategic processes through to operational tactics on the shop floor. He drives the business development agenda for FosRich focussing on the western and central regions of the island which includes our stores in Mandeville and Montego Bay and drives some of the new revenue generating streams for the company.

EXECUTIVE TEAM EXPERTISE

Executive Team	Strategic Management	Lighting, Energy & Products	Supply Channel Management	Sales & Marketing	Technology	Financial Reporting & Audit	Accounting & Tax	Human Resources
Cecil Foster	√	√	√	√				√
Peter Knibb	√					√	√	√
Michelle Thame	√							√
Hector Mendoza	√	√	√	√				
Kerry-Ann Gray		√		√				
Stephen Spencer	√	√	√	√				
Vincent Mitchell		√		√				
Tricia Edwards		√	√		√		√	√
Warren Riley		√	√		√	√	√	√



DISCLOSURE OF SHAREHOLDINGS

Top Ten Stockholders

NAME	SHARES HELD	
	NUMBER	PERCENTAGE
1 Cecil Foster	200,910,222	40.0%
2 Marion Foster	200,910,222	40.0%
3 Stocks & Securities Limited (Alpha)	20,543,886	4.1%
4 JCSD Trustee Services Ltd. - Barita Unit Trust Capital Growth Fund	18,948,172	3.8%
5 Peter Knibb & Elizabeth Knibb, Jenine Knibb, Brandon Knibb	11,150,000	2.2%
6 JCSD Trustee Services Ltd. - Sigma Global Ventures	4,704,269	0.9%
7 Sagicor Select Fund Limited - Class C - Manufacturing & Distribution	4,028,960	0.8%
8 JMMB Securities Ltd - House Account #2	2,417,775	0.5%
FosRich Company Limited - Treasury Share Account	2,372,038	0.5%
9 Barita Finance Limited	2,170,000	0.4%
10 Rosalyn Campbell	2,000,000	0.4%
10 Errol Lewin	2,000,000	0.4%
Total of Top Ten	472,155,544	94.0%
Others	30,120,011	6.0%
TOTAL SHARES ALLOTTED	502,275,555	100%
Total number of stockholders - 1,395		

Stockholding of Directors, Board Committee Members & Connected Persons

NAME	SHARES HELD
DIRECTORS	
1 Cecil Foster	200,910,222
2 Marion Foster	200,910,222
3 Peter Knibb & Elizabeth Knibb, Jenine Knibb, Brandon Knibb	11,150,000
4 Rosalyn Campbell	2,000,000
5 Steadman Fuller	Nil
6 Ian Kelly	Nil
BOARD COMMITTEE MEMBERS	
7 Marva Chang	Nil
8 Clive Nicholas	Nil

Stockholding of Senior Managers & Connected Persons

NAME	SHARES HELD
1 Cecil Foster	200,910,222
2 Peter Knibb & Elizabeth Knibb, Jenine Knibb, Brandon Knibb	11,150,000
3 Tricia Edwards	500,000
4 Kerry-Ann Gray & Kyra-Belle Gray	500,000
5 Warren Riley & Cheryl Riley	224,867
6 Vincent Mitchell	7,484
7 Michelle Thame	Nil
8 Stephen Spencer	Nil
9 Hector Mendoza	Nil

Stockholder Information

The ordinary stocks of FosRich Company Limited are traded on the Jamaica Stock Exchange - Junior Market only

FOSRICH STOCK TRADING SUMMARY

	Closing Price	High	Low
2020	\$4.11	\$4.50	\$2.31
2019	\$4.28	\$5.63	\$3.80





MANAGEMENT DISCUSSION & ANALYSIS

Honour and
serve the people
who work for you.
They will honour
and serve you.

CECIL FOSTER
Managing Director



PETER KNIBB
Chief Financial Officer



OVERVIEW

The Board of Directors of FosRich Company Limited is pleased to present this analysis for the year ended December 31, 2020 and to report on the performance of the company. The year presented many opportunities which we eagerly embraced. It also had its fair share of challenges which only served to strengthen our fortitude and increase the efficiency of our internal processes.

In Q2, 2020 we commenced negotiations with The Factories Corporation Of Jamaica for the lease of 120,000 square feet of factory space in Hayes, Clarendon. This facility now houses our new associated company, Blue Emerald Limited, which will be focused on two activities complementary to FosRich. The first area of focus is transformer repair and manufacturing. The second is the manufacturing of PVC fittings and large diameter PVC pipes. We believe that these new activities will result in significant cost savings to the users of these products.

In Q4, 2020 we concluded negotiations with Huawei, and we are now the Tier-1 Distributor for their FusionSolar line of products in Jamaica and certain parts of the Caribbean. This line provides new generation string inverters with smart management technology to create a fully digitalized Smart PV Solution. Huawei

offers leading Smart PV solutions harnessing more than 30 years of expertise. The aim is to make smart PV accessible to all. We will focus on cultivating talents in the industry to be deployed across our markets, to accelerate acceptance of smart PV applications for a greener and lower-carbon society.

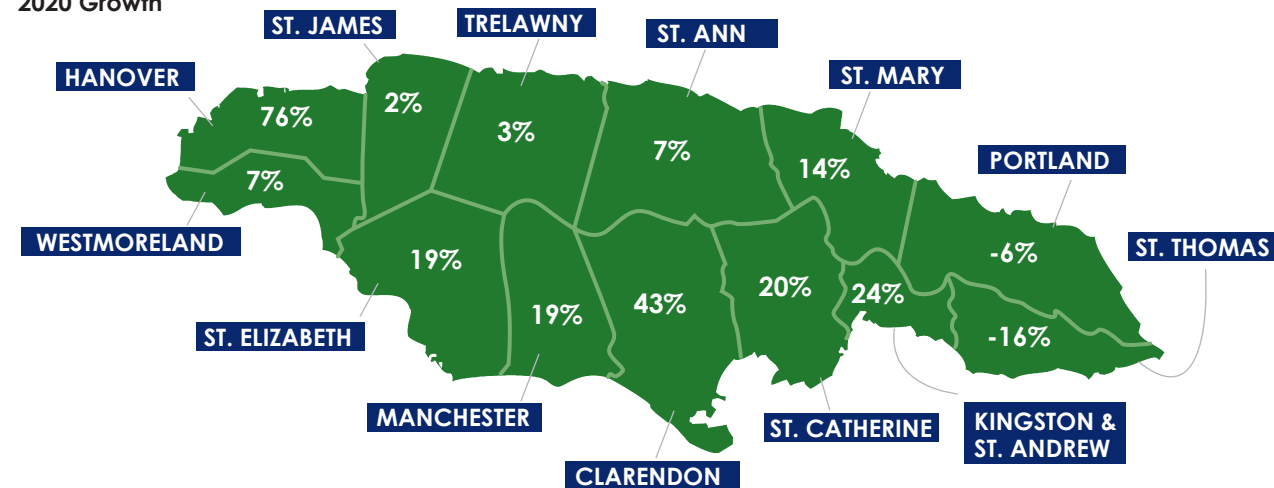
Other major activities during the year included the continuation of our partnerships with Philips Lighting Company, which helped expand the Company's energy-based business line and with Siemens AG, continuing the expansion of our Electrical and Industrial Division.

REVENUES

- Revenues were \$1,896 million - Up \$284 million or 18% compared to the prior year \$1612 million
- Gross profit was \$825 million - Up \$115 million or 16% compared to the prior year \$710 million
- Gross profit percentage remained unchanged at 44%
- Net profit was \$126 million - Up \$19 million or 18% compared to the prior year \$107 million
- Earnings per stock unit was \$0.25 - Up \$0.04 or 19% compared to the prior year \$0.21

PARISH SALES

2020 Growth



BUSINESS SEGMENT REPORT

FosRich has six revenue streams/business segments. Each division contributes positively to the viability and profitability of the Company. They are as follows:

1. Electrical
2. Energy
3. Lighting World
4. Hardware
5. Industrial
6. PVC

REVENUE STREAM 1 - ELECTRICAL

Electrical - \$982 Million or 52% of total revenues. (8% growth on prior year \$912 Million)

This division provides boxes, panels, steel wire armoured (SWA) cables, wires, wiring devices, bulbs, contactors, breakers, switches, and similar apparatus, to both retail and commercial customers.

Siemens AG

Siemens AG is one of our Fortune 500 supply chain partners. The product categories we are focussing on include household circuit breakers and panels, transformers, powerline panel boards, contractors, and industrial breakers. This quality product line has increased FosRich Competitive advantage relative to the other players in the market.

Nexans

Nexans is the second largest cable manufacturer in the world and is a Fortune 500 company. Some of its product offerings include underwater cables, solar cables, CAT7 cables, and LAN cables. We are their sole representative in Jamaica through a supply chain partnership agreement.

Our Nexans construction wires are growing in popularity in the Jamaican marketplace. These flame retardant and non-halogenic wires are made of copper and offer a range of advantages. Not only will the wires not burn in the presence of fire, it also will not emit fumes that cause breathing problems or death if a fire should occur. This significantly increases safety in homes, offices, or factories.

REVENUE STREAM 2 - ENERGY

Energy - \$309 Million or 16% of total revenues. (16% reduction on prior year \$367 Million)

The energy division has in recent years seen significant price reduction for most component parts which affected our major revenue drivers. Given that the LED technology market is entering a phase of maturity, we expect that these prices will level off to offer price stability.

Since its inception in 2011, the division has focused on encouraging businesses and residential consumers to retrofit their offices and homes with LED products. This will produce long-term benefits to consumers. Most notable advantages include the reduction in energy consumption and up to 80% energy cost savings.

Our highly competent technical staff of professional engineers have the necessary expertise in electrical and alternative energy. The team of engineers is equipped to service residential projects as well as complex corporate and industrial projects. Our team also provides services to government entities.

Smart Streetlight Initiative

Our team is continuing our partnership with the Jamaica Public Service Company (JPS) and Philips Lighting on a Smart LED Street Lighting Replacement Project. This project is a continuation of the project that started in 2017, deploying several technologies that will make New Kingston one of the first smart cities in the Caribbean. The initiative is one of Jamaica's largest energy efficiency projects and is being rolled out in phases which began in 2017 and will continue through to 2021.

In 2020 JPS shortlisted FosRich, along with Philips Lighting, as a preferred bidder for the next phase of the National Street Lighting Replacement Project.

REVENUE STREAM 3 - LIGHTING WORLD

Lighting World - \$82 Million or 4% of total revenues. (10% reduction on prior year \$91 Million)

This division was launched in 2010. It was established to provide consumers with the option of buying quality and cost-efficient products locally rather than overseas. The division supplies a wide range of decorative lighting products. These include, but are not limited to, ceiling lamps, standing lamps,

chandeliers, wall lighting, outdoor lighting fixtures, ceiling fans, assorted bulbs, and lighting accessories. In the year under review, we focused on working with housing developers and customers doing renovations.

REVENUE STREAM 4 - INDUSTRIAL
Industrial - \$156 Million or 8% of total revenues.
(94% growth on prior year \$81 Million)

This division seeks to increase the Company's market share of industrial products and continued to provide significant growth for 2020. Product offerings are used by large operations, such as power plants, bauxite plants, hotels, factories, offices, public buildings, high-rise buildings, and housing developments. The division plans to achieve this goal through its continuing partnership with two renowned international electrical brands, namely Siemens AG, which supplies industrial circuit breakers and panel boards, and Nexans which supplies industrial SWA cables, and fire-resistant cables.

REVENUE STREAM 5 - HARDWARE
Hardware - \$58 Million or 3% of total revenues.
(53% growth on prior year \$38 Million)

This division was established in the fourth quarter of the 2015 financial year, with the acquisition of the inventory of Better Homes Hardware Limited, which was incorporated into the existing Cottage Road operations. The Directors consider notwithstanding gross margins obtained from hardware products that are below the existing lighting, electrical and energy margins; some improvements in net profit should accrue from customer synergies in the medium-term by managing incremental costs.

REVENUE STREAM 6 - PVC
PVC - \$310 Million or 16% of total revenues.
(152% growth on prior year \$123 Million)

This division was established in 2019 when we opened the manufacturing arm of our business and commenced the manufacturing of 16 different types of PVC electrical conduits, water pipes and drainpipes. Prior to this revenue from PVC conduit was included under electrical. We expect that we will be a major player in the PVC market in the near future.

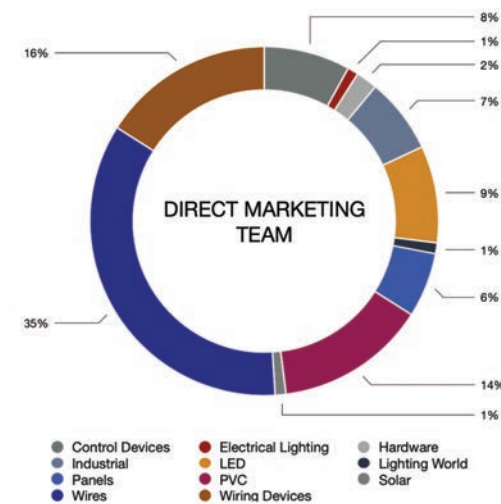
OUR DISTRIBUTION CHANNELS

The Executive Team continues to seek new ways to grow the Company's customer base and takes pride in the slogan, "We serve you better". Listed below are distribution channels we employ to connect with and serve our customers. Most distribution channels achieved double-digit growth during 2020.

- Products and services are available from our four retail outlets.
- Direct Marketing teams provide additional support and accessibility to consumers.
- Periodic storewide sales (SUPER SALE) on all our products. We have found that these events are eagerly anticipated by our customers.
- Despite not being one of our significant channels, leveraging internet sales exists as an opportunity for expansion in the future.

DIRECT MARKETING TEAMS
Direct Marketing Teams Revenues - \$788 Million - 42% of total.
(Prior-year \$672 Million)

During 2020 this team maintained the top spot and now provides 42% of revenues – Down from 45% in the prior year. Our Direct Marketing Team is structured as follows:



ROUTE SALE Revenues of \$531 million.
(Prior year \$449 million)

A quick-response team of salesmen operating nationwide and servicing the needs of a network of customers. Clientele ranges from independent electrical contractors to hardware stores and large commercial and industrial operations.

PROFESSIONAL SALE Revenues of \$75 million.
(Prior year \$58 million)

A quick-response team focused on the needs of large commercial and industrial operations.

IN-HOUSE MARKETING Revenues of \$174 million.
(Prior year \$159 million)

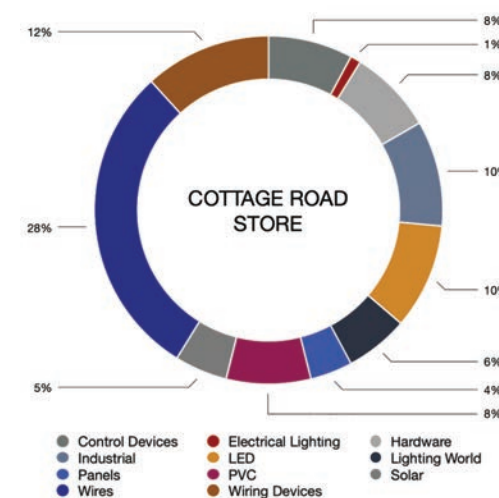
This is our foremost channel for connecting with customers. New products are offered by our in-house customer service teams who make cold calls and repeat calls to prospects and existing clientele.

TELESALES Revenues of \$10 million.
(Prior year \$6 million)

This team focuses its attention on capturing end users. The members make appointments and visit corporate offices to teach customers and their staff ways of being energy efficient. These visits are also used as an opportunity to share information about product offerings. We have found that financial institutions are highly receptive to this mode of delivery.

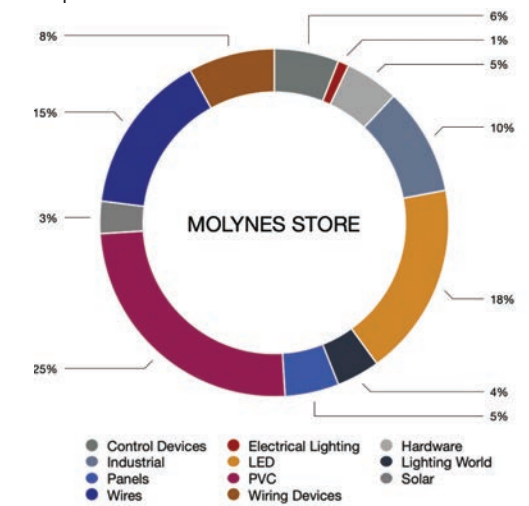
COTTAGE ROAD - BETTER HOMES STORE
Cottage Road - \$145 Million - 8% of total
(Prior year \$129 Million)

Predominantly known as 'the hardware store', Better Homes is being transitioned to offer more electrical items to meet the market demands of that segment in the Montego Bay community. Electrical and energy goods have shown steady growth at this location. There continues to be strong strategic management within the store and the organisation to ensure increased future sales revenues.



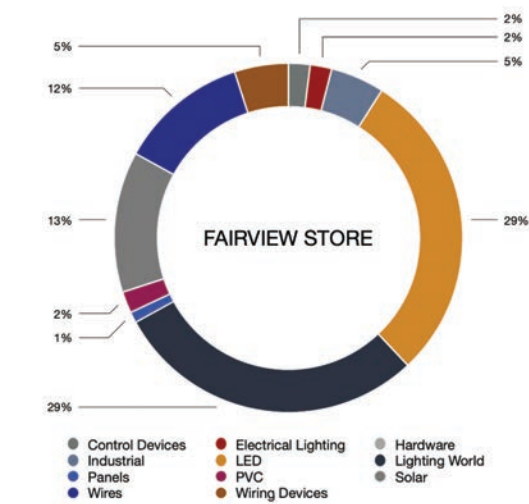
KINGSTON MAIN STORE
Kingston - \$680 Million - 36% of total.
(Prior year \$558 Million)

Our Kingston headquarters is the central store for FosRich, and it produces the highest sales revenue compared to other distribution channels. It carries a wider range of energy, lighting, industrial, electrical, and hardware items than are available at the other locations. Over the years, this location has consistently outperformed all other distribution channels for all product lines.



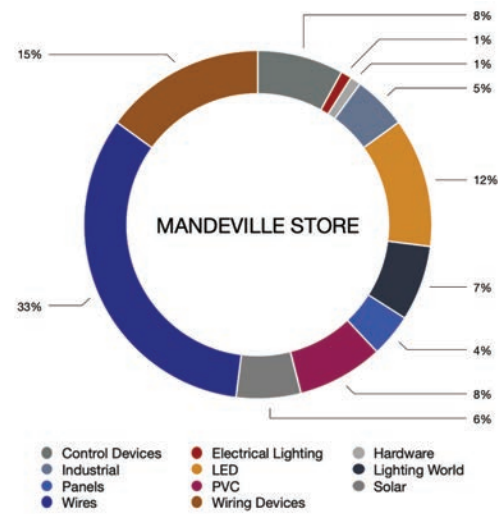
FAIRVIEW - LIGHTING WORLD STORE
\$75 Million – 4% of total
(Prior year \$73 Million)

Lighting Energy products and LED items continue to dominate in this location. We are continuing efforts to create a Montego Bay Hub to accommodate western customers. Such a move will increase efficiency and facilitate premium customer service by cutting down on lead time.



MANDEVILLE - LIVE YOUR DREAM STORE
Revenues of \$207 million - 11% of total
(Prior year \$179 Million)

The Live Your Dream Store showed an increase in sales revenue by 16% when compared to the prior year. The sale of electrical items has consistently been its main source of revenue. Though there have been challenges for the store over the past year, measures have been taken to ensure continued growth. Electrical and energy goods have shown steady growth at this location.



INCOME STATEMENTS

Income

During the year, the company generated income of \$1,896 million compared to \$1,612 million for the prior year. An increase of \$284 million.

Gross Profit

Gross profit for the year was \$825 million compared to \$710 million for the prior year, an increase of \$115 million. These increases were attributed primarily to the greater availability of the products required by the market.

Other Income

Other income for the year benefitted from favourable foreign exchange gains amounting to \$16 million.

Administration Expenses

Administration expenses for the year was \$506 million, reflecting an increase of \$19 million on the prior reporting year's amount of \$487

million. There were increases in staff related costs and utilities, associated with our PVC manufacturing and increased legal and professional fees and rent associated with the new factory space in Hayes Clarendon. Decreases were driven primarily by efficiencies gained from reduced staff training, selling, and marketing, computer expenses, local and foreign travel, and irrecoverable GCT.

Finance Cost

Finance cost for the year was \$160 million compared to \$109 million for the prior year, an increase of \$51 million. This increase is being driven by increased financing obtained to assist with the financing of operations. This new financing was obtained at more favourable rates than the previous bank facilities. There were also increases in bad debt impairment provisions and the interest attributable to our long-term lease arrangements.

Net Profit

Net Profit generated for the year was \$126 million, an increase of \$19 million or 18% over the \$107 million reported for the prior period.

Earnings Per Stock Unit

Earnings per stock unit was \$0.25 compared to \$0.21 in the prior year, reflecting an increase of 19%

BALANCE SHEET

Inventories

The company continues to actively manage inventory balances and the supply-chain, with a view to ensuring that inventory balances being carried are optimised, relative to the pace of sales, the time between the orders being made and when goods become available for sale, to avoid both overstocking and stock-outs. Monitoring is both at the individual product level and by product categories. All our locations reflected increases in inventory values across all inventory categories. We continue to monitor changes in customer buying patterns since the onset of the Covid-19 pandemic.

Receivables

We continue to actively manage trade receivables with an emphasis being placed on balances over 180 days. We have

implemented strategies to collect these funds as well as to ensure that the other buckets are managed. As a result of the anticipated impact of Covid-19 on our customers, we have re-evaluated all credit relationships. Where necessary credit limits have been reduced and credit periods shortened. For some items we have instituted seven (7) day credit or cash. Fifty-eight percent (58%) of trade receivables are within the current to 60-day category.

Receivables also include \$85 million of deposit with suppliers for inventories and \$26 million of statutory receivables for GCT recoverable.

Trade Payables

Our trade payables are categorised by foreign purchases, local purchases and other goods and services. While we have concentrated primarily on the foreign payables, we continue to manage payables, for the most part, within the terms given by our suppliers.

Non-current Liabilities

Non-current liabilities have increased by \$333 million. \$164 million was attributable to our drawdown on our existing line of credit facilities to assist with financing foreign purchases and \$168 million due to new long-term lease arrangements.

Shareholders' Equity

Shareholders' equity now stands at \$869 million, up by \$69 million from \$800 million on 31 December 2019. The net increase arose primarily as a result of retained profits for the year amounting to \$126 million net of dividend paid amounting to \$48 million and treasury shares amounting to \$9 million.

Other Matters

Covid-19

As with most companies, we were adversely affected by Covid-19. We have seen reductions in anticipated revenues and have had to make some adjustments to our costs. Some team members living in quarantined areas were not able to come to work during lockdown periods, however, we have thus far been able to keep all our warehouse and shop facilities open.

We have adopted the policies promulgated by the Ministry of Health and Wellness and have allowed our team members to work from home where practical.

New Activities

Our transformer repair activity is now up and running. Construction of our new distribution centre at 76 Molyne's Road has been largely completed and the building should be ready for occupancy in the next few days. The application for our new company Blue Emerald Limited to be registered under The Special Economic Zone Authority, in order to take advantage of the significant long-term tax concessions that are available, is advanced. Activities being undertaken at the new Hayes facility in Clarendon, will be done through this new entity acting exclusively for FosRich under a contract manufacturing arrangement.

The result for this, our third full year since our listing on the Junior Market of the Jamaica Stock Exchange on 19 December 2017, reflects the implementation of the second phase of specific strategies as outlined within our strategic plan. We are cognizant that despite the challenges ahead within our local operating space and the wider global space due to Covid-19, we have the right talents and leadership to deliver on our plans for the ensuing period. We will continue to execute on our plans to ensure that we remain competitive and deliver value solutions to our customers.

As we report on the performance of our Company, we thank our shareholders, employees, customers, and other stakeholders for their support as we continue to expand our business and bring greater value to our various stakeholders.


Cecil Foster
 Managing Director


Peter Knibb
 Chief Financial Officer



CORPORATE GOVERNANCE

Always working to maintain accountability, transparency, ethics and compliance



FosRich is fully committed to integrity and fair dealing in all its activities, and upholds the highest standards of corporate governance. As such, we are led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to the wider society.

The Board identifies the skills that it collectively needs to discharge its responsibilities effectively, and steps are taken to improve any weaknesses, where necessary. It is assessed that the members of the Board as a group provide skills and competencies to ensure the effectiveness of the Board and its committees.

For the year 2020 a Board evaluation exercise was conducted to assess the efficiency of the Board and its members; identify potential areas of improvements; and reflect on the Board's corporate responsibilities.

Shareholders are given the opportunity to participate actively at FosRich's AGM's, where they can ask questions and communicate their views. The Directors, as well as the external auditors, are present at these meetings to address any relevant queries raised by shareholders.

It is the Board's commitment to improve investor confidence through the adherence of good governance policies in the performance of its duties and the operation of the Company, while safeguarding shareholder's investments and the Company's assets.

MARION FOSTER - Chairman

COMMITMENT TO CORPORATE GOVERNANCE BEST PRACTICES & DISCLOSURE

FosRich's business and affairs are managed by our Executive Team which is guided by the direction of our Board of Directors. The Board sets the tone for the highest ethical standard of performance for our entire workforce. They are also charged with promoting prudent management and integrity throughout the Company. Our corporate governance practices are designed to align the interests of the Board and Management with those of our Stockholders.

The Board is committed to transparency. Disclosure of significant matters and developments concerning the organisation will be accurate, timely, and balanced. This ensures that all investors have access to clear information concerning company affairs.

Each Director is expected to commit sufficient time for attending Board meetings as well as those organised by its Committees and, if applicable, of the Independent Directors.

Thorough knowledge of the Company's business is vital. This practice helps our Directors to make informed and objective decisions. Management offers support by facilitating direct intervention and sharing reviews of business activities. Notwithstanding, Directors are encouraged to liaise with the executive team to cultivate a fulsome perspective of FosRich affairs.

BOARD EXPERTISE

Executive Team	Corporate Governance & Management	Human Resources & Compensation	Audit, Accounting & Tax	Financing	Industry	Engineering & Technical	Logistics, Supply Chain & Retail
DIRECTORS							
Marion Foster	√	√			√	√	√
Cecil Foster	√			√	√	√	√
Steadman Fuller	√		√				√
Ian Kelly	√	√	√	√			√
Rosalyn Campbell	√	√	√				
Peter Knibb	√	√	√	√			
BOARD COMMITTEE MEMBERS							
Marva Chang	√	√	√				
Clive Nicholas	√		√				

OUR BOARD'S ROLE AND ITS EXPERTISE

The Board's primary responsibilities revolve around oversight of the business and its strategy whilst ensuring that these are framed within reasonable parameters. The Board is expected to support the management of the organisation through the appointment of Directors with the requisite knowledge to guide the institution's management. A core operational objective of each Director is to drive for increased sales and increased profits, thereby creating greater shareholder value through its incentive and other appropriate policies. The Board also plays an important role in engaging and communicating material information to our shareholders in a timely manner.

The Directors at FosRich are from varied backgrounds and bring broad experiences, high levels of professionalism, expertise, and candour to our deliberations. Each individual has been determined to be in alignment with the requirements of the Company and provide essential corporate governance.

All Directors have been in leadership roles and have successfully helped to guide, either as directors or

executives, companies through difficult economic conditions. Some continue to do so in the present environment. Notwithstanding, during the current year, all Directors will participate in formal corporate governance training to further enhance their contributions and will also review in our succession planning activity.

ADDITIONAL ATTENDEES TO THE MEETINGS

The Board encourages the Managing Director, where it assists the Board in executing their responsibilities, to bring managers and other team members to present at board meetings who: (a) can provide additional insight into the business or items being discussed because of responsibility for, or personal knowledge related to these areas, and/ or (b) are team members with future leadership potential who should be given exposure to Directors.

BOARD COMMITTEES AND COMPOSITION

Our Corporate Governance Manual identifies the three relevant Committees. Each committee entails clearly defined terms of reference, procedures, responsibilities, powers, and structure. The membership and chairpersons are outlined below.

Board Committees	Position (Executive/ Non-Executive/ Independent)	Audit, Compliance & Risk	Human Resources & Compensation	Corporate Governance
DIRECTORS				
Ian Kelly	NE/I	Chairman		
Rosalyn Campbell	NE/I	√	Chairman	√
Steadman Fuller	NE/I		√	Chairman
Peter Knibb	E	√		√
Cecil Foster	E			
Marion Foster	E		√	
COMMITTEE MEMBERS				
Marva Chang	NE/I		√	√
Clive Nicholas	NE/I	√		

INDEPENDENT DIRECTOR

To be considered as an Independent Director, the Board must determine that the Director has no material relationship with FosRich Company Limited (direct or indirect). This means either as a stockholder, partner, director, or officer of an organisation that has a material interest in the Company that would preclude the Director from being independent. Materiality test for shareholding is 2.5% of FosRich Company Limited's outstanding shares.

- Additionally, an Independent Director is a Director who:
- Has not been employed by the Company within the last two years.
 - Has not been an employee or affiliate of our External Auditors within the last three years.
 - Has not received any compensation other than director and committee fees within the last two years.

- Has not been employed by a Company of which an Executive Director/Officer has been a director within the last two years.
- Is not a member of the immediate family of an Executive Director/Officer, which would be defined as spouse, parent, child or sibling, in-law (mother, father, son, daughter, brother, sister) or anyone sharing the same home with any of the above.

THE BOARD'S REPORT CARD

During 2020, the Board and its Committees had scheduled meetings to execute their various mandates. We reported to shareholders on the financial results; reviewed and approved policies; discussed strategy and its implementation; and took decisions given our discussions on the business and the economy.

The Board's Report Card	Board	Audit, Compliance & Risk	Human Resource & Compensation	Corporate Governance	Annual General Meeting
NO. OF MEETINGS	5	6	4	7	1
BOARD MEMBERS					
Marion Foster	5 of 5		4 of 4		1 of 1
Cecil Foster	5 of 5				1 of 1
Peter Knibb	5 of 5	6 of 6		7 of 7	1 of 1
Ian Kelly	3 of 5	6 of 6			1 of 1
Rosalyn Campbell	5 of 5	4 of 6	4 of 4	7 of 7	
Steadman Fuller	3 of 5		3 of 4	7 of 7	
COMMITTEE MEMBERS					
Marva Chang			4 of 4	7 of 7	1 of 1
Clive Nicholas		6 of 6			1 of 1

AUDIT, COMPLIANCE & RISK COMMITTEE

Committee members are Ian Kelly (Chairman), Rosalyn Campbell, Clive Nicholas, and Peter Knibb.

- This statutory Committee is responsible for ensuring:
- The quality and integrity of the Company's accounting and reporting practices and controls as well as the completeness and accuracy of its financial statements and disclosures.
 - The Company's compliance with legal and regulatory requirements.
 - The qualifications and independence of the external auditor and the appropriateness of his methodology and accounting approach.
 - The quality of internal controls as reported by the internal audit function and independent auditors.

The Audit & Compliance Committee is mandated to meet at least quarterly within thirty days by the end of each quarter. They may convene in other instances upon request by any Committee member.

During 2020, the Audit, Compliance & Risk Committee held six meetings.

HUMAN RESOURCES & COMPENSATION COMMITTEE

Committee members are Rosalyn Campbell (Chairman), Marion Foster, Marva Chang and Steadman Fuller, a majority of non-executive Board members.

- This Committee oversees:
- Senior management succession planning
 - Identification and development of high potential team members in the Company
 - Senior management performance plans and evaluation
 - Setting executive compensation

- Aggregate performance and motivation of the Company's employees
- Operation of the Company's pension plan

During 2020, the Human Resources & Compensation Committee held four meetings.

CORPORATE GOVERNANCE COMMITTEE

Committee members are Steadman Fuller (Chairman), Rosalyn Campbell, Marva Chang, and Peter Knibb, a majority of non-executive Board members. In addition, FosRich Managing Director, Cecil Foster attends meetings by invitation.

This Committee is responsible for establishing the framework of corporate governance principles, policies, and procedures for the Company. It is tasked to oversee that the Company's Practices are consistent and in accordance with requirements. It will develop standards of performance for the Board, Directors and Senior Officers, and will routinely evaluate performance against these standards.

The Committee is also responsible for developing policy and procedures as well as overseeing:

- Director nomination and re-appointment
- Director compensation
- Shareholder relations including evaluation of them proposals
- Committee structure, operation, and performance
- Communication processes between management and the board

During 2020, the Corporate Governance Committee held seven meetings.



CORPORATE SOCIAL RESPONSIBILITY

The more time we
spend with people...
the more we find out
about our business.

Good Samaritan Inn

Corporate Social Responsibility is an integral part of FosRich's philosophy as we always seek to make a lasting contribution to the communities in which we are active. While our primary focus lies on helping the disadvantaged, we still find time to be active in other areas of society.

In 2007, our Managing Director, Cecil Foster, co-founded the Good Samaritan Inn (GSI) - a charity that provides support to communities in Kingston by providing them with cooked meals, clothing, and shelter. At FosRich, we want to ensure that our community outreach initiatives are highly impactful, therefore we have maintained our focus and commitment to the GSI programme. Over the years, the FosRich team has maintained a weekly presence in support of their finances and operations.

Since inception the GSI has supported over 35,000 persons in need. Through our support, along with others, meals are provided on Sundays, Tuesdays and Wednesdays. Volunteers assist with grooming and it is a joy to see that this act of kindness is truly appreciated by the beneficiaries. Persons may also enjoy a bath, and in some instances, receive a change of clothing. To date, over 15,000 articles of clothing and 2,000 pairs of shoes have been distributed.

We are proud to be associated with such a programme and are humbled by the growth and impact it has made since we opened the doors 12 years ago. Now, the GSI has expanded its reach with the addition of a laundry facility; showers for both males and females; free health clinics; free grooming services for men; and overnight accommodations for women and children in crisis among other services.

The FosRich family will continue to support this noble organization as its core values are aligned with ours. We believe that it is our great honour and responsibility to feed and clothe people, especially those in need. We look forward to making an even greater impact on our society this year and the years to come.



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FosRich Company Limited
FINANCIALS
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Crooks Jackson Burnett
Chartered Accountants

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2 Seymour Avenue | Kingston 6, Jamaica W.I.
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Independent auditor's report

To the Members of
FosRich Company Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of FosRich Company Limited (the Company) set out on pages 1 to 27, which comprise statement of financial position as at December 31, 2020, statement 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 financial statements give a true and fair view of the financial position of company as at December 31, 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the **Auditors' Responsibility for the Audit of the Financial Statements** section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters (continued)**1. Carrying value of inventory**

- At reporting date, December 31, 2020, inventory amounted to \$1,458 Million, representing 47.7% of the company's total assets. Inventory consists of a wide range of products at several locations. Inherently, the varied product range and the large volume of inventory creates a challenge for management to conduct counts during the year, which contributes to the risk of inventory being misstated.

In determining the carrying value of inventory, management conducts regular periodic counts throughout the year.

- Certain items of inventory are susceptible to obsolescence as a result of technological changes.

Management is cognizant of those products lines and has implemented measures to reduce the stock level of those items.

How our audit addressed the key audit matter.

Our audit procedures in response to this matter, included:

- Reviewed the company's standard operating procedure in order to assess the effectiveness of internal controls over inventory.
- Observed stock counts and conducted sample counts at several of the company's locations throughout the year.
- Verified the stock count results and our audit samples against the inventory system and where there were variances, they were corrected.
- Performed impairment assessment of inventories by measuring the movements of certain product lines during the year and also comparing recent sale price against cost price.

Based on the procedures conducted no further adjustment was required to the year-end inventory valuation.

Other information

Management is responsible for the other information. The other information comprises the annual report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this audit report.

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

INDEPENDENT AUDITOR'S REPORT

Other information

In connection with our audit of the 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 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 the Board of Directors.

Responsibilities of management for the financial statements

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

In preparing the 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.

The Board of Directors is responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT

- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 company 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the company's financial statements, including the disclosures, and whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanation 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 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 Effie Crooks.



Chartered Accountants

February 25, 2021

2 Seymour Avenue, Kingston 6, Jamaica W.I.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2020

		2020	2019
		\$	\$
Turnover		1,895,680,002	1,612,164,170
Cost of Sales	4{a}	<u>(1,070,926,098)</u>	<u>(902,215,700)</u>
Gross profit		824,753,904	709,948,470
Other income:			
Other operating income	5	<u>32,463,451</u>	<u>51,983,250</u>
		857,217,355	761,931,720
Administration, marketing and selling expenses	4{a}	<u>(505,750,293)</u>	<u>(487,324,506) *</u>
Profit before depreciation and finance costs		351,467,062	274,607,214
Depreciation	9, 10{iii}	<u>(65,749,764)</u>	<u>(55,505,647)</u>
Profit before finance costs		285,717,298	219,101,567
Finance costs	6	<u>(160,021,898)</u>	<u>(109,424,411)</u>
Net profit before taxation		125,695,400	109,677,156
Taxation	7	<u>-</u>	<u>(2,791,096)</u>
Net profit		125,695,400	106,886,060
Other comprehensive income:			
Items that will not be reclassified to profit or loss - Unrealised fair value loss on available-for-sale investments	13	<u>(465,000)</u>	<u>(650,439)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>125,230,400</u>	<u>106,235,621</u>
Earnings per stock unit	21	<u>\$0.25</u>	<u>\$0.21</u>

* Restated to conform with IFRS 16

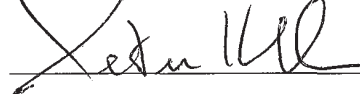
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 \$	2019 \$
ASSETS			
PROPERTY, PLANT & EQUIPMENT	9	328,050,994	319,487,346
LEASE RIGHT-OF-USE ASSETS	10	393,344,856	208,914,652
RELATED PARTY INVESTMENTS	11	284,552,959	282,611,824
INVESTMENTS - OTHER	12	16,069,239	19,396,942
INVESTMENT IN ASSOCIATED COMPANY	13	1,453,125	1,918,125
	14	24,311,792	-
		<u>1,047,782,965</u>	<u>832,328,889</u> *
CURRENT ASSETS			
Inventories	15	1,458,237,103	1,168,297,433
Trade receivables	16	245,498,897	214,306,605
Other receivables and prepayments	16	190,878,091	98,636,369
Related party	11	80,000,000	80,000,000
Cash and bank balances	17	33,991,322	56,495,021
		<u>2,008,605,413</u>	<u>1,617,735,428</u>
CURRENT LIABILITIES			
Payables	18	463,970,647	268,873,132
Current portion of long-term liabilities	22	74,429,350	72,108,207
Right-of-use liabilities	10	41,370,985	32,179,146
Taxation		-	2,786,023
		<u>579,770,982</u>	<u>375,946,508</u>
NET CURRENT ASSETS		<u>1,428,834,431</u>	<u>1,241,788,920</u>
		<u>2,476,617,396</u>	<u>2,074,117,809</u>
EQUITY			
SHARE CAPITAL	19	361,075,082	369,620,810
CAPITAL RESERVES	20	66,921,695	67,386,695
RETAINED EARNINGS		440,566,587	362,587,367
		<u>868,563,364</u>	<u>799,594,872</u>
NON-CURRENT LIABILITIES			
Right-of-use liabilities	10	336,854,237	168,722,672
Long-term liabilities	22	1,216,599,381	1,053,099,583
Director's loan	23	54,600,414	52,700,682
		<u>1,608,054,032</u>	<u>1,274,522,937</u> *
		<u>2,476,617,396</u>	<u>2,074,117,809</u>

The financial statements set out on pages 1 to 27 were approved for issue by the Board of Directors on February 25, 2021 and signed on its behalf by:



Marion Foster Director



Peter Knibb Director

* Restated

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2020

	Share capital \$	Capital reserves \$	Retained earnings \$	Total \$
Balance at January 1, 2019	369,620,810	68,037,134	255,701,307	693,359,251
Unrealised loss on available-for-sale investments	-	(650,439)	-	(650,439)
Net profit	-	-	106,886,060	106,886,060
Balance at December 31, 2019	369,620,810	67,386,695	362,587,367	799,594,872
Fair value adjustment on available-for-sale investments	-	(465,000)	-	(465,000)
Net profit	-	-	125,695,400	125,695,400
Transactions with owners:				
Purchase of Treasury shares (note 19)	(8,545,728)	-	-	(8,545,728)
Dividend paid (note 8)	-	-	(47,716,180)	(47,716,180)
Balance at December 31, 2020 (see notes 19 & 20)	<u>361,075,082</u>	<u>66,921,695</u>	<u>440,566,587</u>	<u>868,563,364</u>

* Restated

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	2020	2019	
	\$	\$	
CASH FLOWS WERE PROVIDED BY/ (USED IN):			
Operating Activities			
Net profit	125,695,400	106,886,060	*
Items not affecting cash resources			
Depreciation	65,749,764	55,505,647	*
Interest on lease liability	13,340,045	9,729,463	
Unrealised foreign exchange gain (net)	(15,755,483)	(18,214,908)	
Interest income	(139,929)	(13,073,685)	
Interest expense	85,576,363	83,397,936	
Taxation expense	-	2,791,096	
	<u>274,466,160</u>	<u>227,021,609</u>	
Changes in non-cash working capital components:			
Inventories	(289,939,670)	(147,052,607)	
Receivables	(31,192,292)	(52,695,948)	
Other receivables and prepayments	(92,241,722)	43,086,877	
Payables	200,652,499	(13,064,534)	
Related parties	(1,941,135)	36,820,380	
Rent paid	(54,099,528)	(44,487,362)	
Taxation paid	(2,786,023)	(19,761)	
	<u>2,918,289</u>	<u>49,608,654</u>	
Cash used in operating activities			
INVESTMENT ACTIVITIES			
Investment in associated company	(24,311,792)	-	
Purchase of property, plant and equipment	(43,258,645)	(96,814,145)	
Encashment/(purchase) of investment	3,327,703	(2,839,769)	
	<u>(64,242,734)</u>	<u>(99,653,914)</u>	
Cash used in investment activities			
FINANCING ACTIVITIES			
Directors' loans repaid	1,899,732	(1,127,991)	
Bond issue	100,000,000	-	
Loans received	130,423,405	181,517,000	
Loans repaid	(63,195,873)	(60,159,266)	
Dividend paid	(47,716,180)	-	
Interest paid	(82,890,338)	(84,330,182)	
	<u>38,520,746</u>	<u>35,899,561</u>	
Cash provided by financing activities			
DECREASE IN NET CASH BALANCES	(22,803,699)	(14,145,699)	
NET CASH BALANCES - Beginning of year	56,495,021	70,640,720	
NET CASH BALANCES - End of year	33,691,322	56,495,021	
REPRESENTED BY:			
Cash and bank balances	<u>33,991,322</u>	<u>56,495,021</u>	

* Restated

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

1. INCORPORATION AND IDENTITY

- (a) The company is incorporated under the Jamaican Companies Act and is domiciled in Jamaica, having its registered office at 79 Molyne's Road, Kingston 10, Jamaica.
- (b) The main activity of the company is the manufacture of PVC pipes and fittings, distribution of lighting, electrical and solar energy products.

Effective December 19, 2017, the company's shares were listed on the Junior Market of the Jamaica Stock Exchange.

2. Statement of Compliance and Basis of Preparation

(a) Statement of Compliance

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

Standards, Interpretations and Amendments to published Accounting Standards effective in the current year

During the year, certain new standards, interpretations and amendments to existing standards became effective. Management has assessed the relevance of all such new standards, interpretations and amendments that became effective January 1, 2020 and have determined that the following will affect the amounts and disclosures in these financial statements:

- Amendment to IAS 1, Presentation of the Financial Statements and IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors [effective for annual periods beginning on or after January 1, 2020]. The standard provides the following definition of 'material' to guide preparers of financial statements, in making judgements about information to be included in the financial statements.

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decision 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".

- Amendments to References to Conceptual Framework in IFRS Standards [effective for annual periods beginning on or after January 1, 2020]. The revised framework covers all aspects of the standard setting including the objective of financial reporting.

The main change relates to how and when assets and liabilities are recognised and derecognised 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.

These new amendments have not materially changed the presentation of the 2020 financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

2. Statement of Compliance and Basis of Preparation

(b) Basis of preparation

The financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency. These statements have been prepared on the historical cost basis, except for the revaluation of certain items of property, plant and equipment. Those significant accounting policies stated below conform in all material respects with IFRS.

- Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed under their respective headings.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are as follows:

(i) Judgements:

For the purpose of these financial statements, 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. The key relevant judgements are as follows:

Classification of financial assets:

The assessment of the business model within which the assets are held and assessment of whether the contractual cash flows from a financial asset are solely payments of principal and interest [SPPI] on the principal amount requires management to make certain judgements on its business operations.

Impairment of financial assets:

Establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of expected credit loss [ECL] and selection and approval of models used to measure ECL requires significant judgement.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

2. Statement of Compliance and Basis of Preparation (continued)

(b) Basis of preparation (continued)

- Use of estimates and judgements (continued)

(ii) Key assumptions concerning the future and other sources of estimations uncertainty:

Allowance for impairment loss of financial assets:

Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour [e.g. the likelihood of customers defaulting and the resulting losses].

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase 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;
- Establishing groups of similar financial assets for the purpose of measuring ECL.

(iii) Net realisable value of inventories:

Estimates of *net-realisable value* are based on the most realisable evidence at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuation in price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iv) Depreciation methods, useful lives and residual values:

Depreciation methods, useful lives and residual values rely on judgement and estimates by management, one of which is that the relevant assets will continue to be used for their current purpose within the company.

In addition, useful lives and residual values vary between individual assets and are dependent upon continuation of the current level of maintenance. Should there be a change in the present use or level of maintenance this could change the charge for depreciation and the net book value of property, plant and equipment [see note 9] within the next financial year.

It is reasonably possible, that based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

3. Significant Accounting Policies

(a) Revenue

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

The company's revenue is derived from the sale of manufactured PVC pipes and fittings, distribution of lighting, electrical, solar energy and other related products.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

3. Significant Accounting Policies (continued)

(a) Revenue (continued)

Revenue is recognised when the significant risks and reward of ownership have been transferred to the buyer, usually when the company has delivered the goods to the customer and is accepted by the buyer; invoice is generated and the revenue is generated at that point. Invoices are usually payable within 30 to 60 days or other contractual terms.

Revenue is shown net of Consumption Tax, returns, rebates and discounts.

(b) Other operating income

Other operating income mainly comprised of commissions received or receivable through partnership arrangements between local utility entities and the company's international electrical suppliers.

Other income includes interest, which is recognised as it accrues, using the effective interest method, unless collectibility is in doubt.

(c) Foreign Currency Transactions

i. Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ["the functional currency"].

ii. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date.

Foreign exchange gains or losses resulting from the settlement of such transactions and from the transaction of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Plant, Machinery and Equipment

Plant, machinery and equipment and other assets are carried at historical cost less accumulated depreciation and impairment losses, if any. Costs includes expenditures that are directly attributable to the acquisition of the asset. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The cost of day-to-day servicing of property, plant and equipment are recognised in profit or loss.

Depreciation is calculated on a straight line basis at annual rates estimated to write down the property, plant and equipment to their estimated residual values at the end of their expected useful lives.

No depreciation is charged on freehold land.

Annual rates used are as follows:

Freehold buildings	2 1/2%
Furniture, fixtures and equipment	10%
Computer systems	22 1/2%
Motor vehicles [commercial and private]	20%

Gains and losses on disposal of plant, machinery and equipment are determined by comparing proceeds with the carrying amount and are included in other operating income in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

3. Significant Accounting Policies (continued)

(e) Inventories

Inventories are measured at lower of cost and net realisable value, cost being determined on the weighted average cost method. The cost of manufactured finished goods comprises the raw material ingredients, direct labour, other direct cost and a proportion of related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the year to the extent that such events confirm conditions existing at the end of the year.

The cost of other inventories comprising purchased finished goods is based on their cost and expenses incurred in acquiring and bringing them to their existing location and condition.

(f) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are classified as non-current assets.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of 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 amount of the provision is the difference between the carrying amount and the recoverable amount.

(g) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, amounts held in savings account with banks and other short-term highly liquid investments with original maturities of three months or less net of bank overdraft.

(i) Investments

Investments are classified as amortised cost or fair value through other comprehensive income. Investments classified at amortised cost have a fixed or determinable payment and are not quoted in an active market. Amortised cost is calculated on the effective interest rate method, less impairment loss. The fair value of *available-for sale* investments is based on their quoted market bid price at the balance sheet date. Where the quoted market price is not available, fair value is estimated using discounted cash flow techniques.

Unrealised gain and losses arising from changes in the fair value of these securities are recognised in equity revaluation reserve. When securities classified as *available-for-sale* are sold or impaired, the accumulated fair value adjustments are included in other comprehensive income as gains and losses from investment securities. (see note 12)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

3. Significant Accounting Policies (continued)

(j) Borrowings

Borrowings are recognised initially at fair value, net of transaction cost incurred and subsequently at amortised cost using the effective yield method. Interest charges, including direct issue costs are accounted for on an accrual basis in the profit and loss account and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

(k) Impairment:

Non-financial assets

The carrying amount of the company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit [CGU] exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Financial assets

The company recognises loss allowances for expected credit losses [ECLs] on financial assets measured at amortised cost and at fair value through OCI.

Trade receivables

Loss allowances for trade receivables are measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company consider reasonable and supportive information relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis, based on historical information and informed credit assessment. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Debt investment securities

These are considered low-risk.

Write-off

The gross carrying amount of a financial asset is written off [either partially or in full] when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is the case when the company determines that the debtor does not have assets or sources of income that would generate sufficient cash flows to repay the amount subject to the write-off.

Recoverables of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

3. Significant Accounting Policies (continued)

(k) Impairment (continued):

Financial liabilities

All financial assets are recognised initially at fair value. Financial liabilities include borrowings, trade and other payables. Subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in the individual policy statements associated with each item.

(l) Employee benefits

Annual leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability, if any, for vacation leave, as a result of services rendered by employees up to the reporting date. At year-end the company had no liability for annual leave as a result of services rendered by employees.

Pension

The company operates a "contributory pension scheme" funded by employees and the company, to provide benefits for the employees of the company. The scheme is administered by and managed by Sagikor Life Jamaica Limited. Contributions to the scheme are charged to profit or Loss account in the period to which they relate.

(m) Taxation

Taxation expense in the profit or loss account comprises both current and deferred tax (*refer to note 7*).

(i) Current taxation

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date. Current and deferred taxes are recognised as income tax expense or benefit in the profit or loss account except, to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

The company's liability for current tax is calculated at tax rates that have been enacted at balance sheet date. Current and deferred taxes are recognised as income tax expense or benefit in the profit and loss account except, to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

(ii) Deferred taxation

A deferred tax charge is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes. The tax rates used in these financial statements are those enacted at balance sheet date.

Deferred tax charges are recognised for temporary differences between the carrying amounts of assets and liabilities and the amounts as measured for tax purposes, which will result in taxable amounts in future periods. The carrying amounts of deferred tax is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax to be utilised.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

3. Significant Accounting Policies (continued)

(n) Related party transactions and balances

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions [referred to in *IAS 24 - Related Party Disclosures* as the "reporting entity"]. Related party transactions and balances are recognised and disclosed for the following:

- (1) A person or a close member of that person's family is related to a reporting entity if that person:
- i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity; or a parent of the reporting entity.
- (2) The entity is related to a reporting entity if any of the following conditions apply:
- i. The entity and the reporting entity are members of a group [which means that each parent, subsidiary and fellow subsidiary is related to the other].
 - ii. 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].
 - iii. Both entities are joint ventures of the same third party.
 - iv. The entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in n(1){ii}.
 - vii. A person identified in n(1){i} has significant influence over the entity [or is a member of the key management personnel of the entity].

A related party transaction is a transfer of resources, services or obligation between a reporting entity and a related party, regardless of price charged.

4[a] EXPENSE BY NATURE

The following items have been charged in arriving at operating profit:

	2020	2019
	\$	\$
Cost of sales		
Cost of goods sold	1,046,217,797	869,910,560
Installation expense - contractors	6,973,852	10,995,684
Sales commission - contractors	17,734,449	21,309,456
	<u>1,070,926,098</u>	<u>902,215,700</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

4(a). EXPENSE BY NATURE (continued)

	2020	2019
	\$	\$
Administrative and selling expenses		
Directors' emoluments (see note 4{b})	24,660,969	23,599,517
Auditors' remuneration	2,250,000	1,850,000
Staff costs (see note 4{b})	252,934,049	240,055,162
Rent, security, repairs and maintenance	22,732,883	28,000,353
Motor vehicle and other related expense	33,325,520	37,281,917
General and keyman insurance	32,991,669	26,175,544
Utilities	28,433,653	18,458,061
Advertising and promotion	17,760,420	24,650,167
Legal and professional fees	49,166,161	43,382,835
Other expenses	41,494,969	43,870,950
	<u>505,750,293</u>	<u>487,324,506</u>

4(b). STAFF COSTS

	2020	2019
	\$	\$
Salaries, commissions and bonus	229,232,022	208,630,111
Statutory contributions	26,462,351	22,797,685
Staff welfare	21,900,645	32,226,883
	<u>277,595,018</u>	<u>263,654,679</u>

The average number of persons employed full-time by the company during the year under review was 132. [2019 = 138]

5. OTHER OPERATING INCOME

	2020	2019
	\$	\$
Interest income	139,929	13,073,685
Foreign currency exchange gain - net	15,755,483	18,214,908
Other income	16,568,039	20,694,657
	<u>32,463,451</u>	<u>51,983,250</u>

6. FINANCE COSTS

	2020	2019
	\$	\$
Bank charges	8,774,866	8,635,688
Loan and credit card interest	85,576,363	83,397,936
Finance charge	20,559,382	13,710,129
Bad debt impairment provision/(reversal of impairment)	31,771,242	(6,048,805)
Interest on lease liability	13,340,045	9,729,463
	<u>160,021,898</u>	<u>109,424,411</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

7. TAXATION

Taxation is based on profits for the year adjusted for taxation purposes, and is calculated at the rate of 25% (2019 = 25%). Taxation charge for the year comprise: -

	2020	2019
	\$	\$
Income tax adjustment - prior period	-	2,791,096

The prior period tax adjustment resulted from an under accrual of the 2016 taxation charge.

Remission of income tax:

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange, effective December 19, 2017. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided it complies with the criteria of the Income Tax (Jamaica Stock Exchange Junior Market) Regulation.

To obtain the remission of income taxes, the following conditions should be adhered to over the period:

- (i) The company remains listed for at least 15 years and is not suspended from the JSE for any breaches of the rules of the JSE.
- (ii) The subscribed participating voting shareholders does not exceed \$500 million.
- (iii) The company has at least 50 participating voting shareholders.

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. The periods are as follows:

Years 1 to 5 (December 19, 2017- December 18, 2022)	100%
Years 6 to 10 (December 19, 2022- December 18, 2027)	50%

As a consequence of the company obtaining a remission of tax status, effective December 19, 2017, the deferred tax asset position at the prior year-end was reversed resulting in a nil deferred tax provision at year-end.

8. DIVIDENDS

By resolution dated October 27, 2020 the directors declared the payment of a dividend of \$.095 per share totalling \$47,716,180 to be paid to shareholders on the company's register of members as at November 27, 2020.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

9. PROPERTY, PLANT & EQUIPMENT

	Freehold Land \$	Freehold Building \$	Leasehold Improvement \$	Leasehold Property \$	Equipment, Furniture & Fixtures \$	Computers \$	Motor Vehicles \$	Total \$
At cost or deemed cost:								
January 1, 2019	29,980,000	176,139,252	51,626,867	30,000,000	40,446,320	21,435,255	51,504,777	401,132,471
Additions	-	5,301,247	1,271,603	-	58,664,504	2,101,407	29,475,384	96,814,145
December 31, 2019	29,980,000	181,440,499	52,898,470	30,000,000	99,110,824	23,536,662	80,980,161	497,946,616
Additions	-	-	-	-	25,257,050	4,764,260	13,237,335	43,258,645
December 31, 2020	29,980,000	181,440,499	52,898,470	30,000,000	124,367,874	28,300,922	94,217,496	541,205,261
Accumulated Depreciation:								
January 1, 2019	-	30,611,303	41,951,247	4,500,000	27,368,544	15,986,033	29,281,563	149,698,690
Charge for the year	-	4,488,776	3,557,564	750,000	6,821,542	802,060	12,340,638	28,760,580
December 31, 2019	-	35,100,079	45,508,811	5,250,000	34,190,086	16,788,093	41,622,201	178,459,270
Charge for the year	-	4,536,012	5,675,793	750,000	8,810,905	1,071,857	13,850,430	34,694,997
December 31, 2020	-	39,636,091	51,184,604	6,000,000	43,000,991	17,859,950	55,472,631	213,154,267
Net book values:								
December 31, 2020	29,980,000	141,804,408	1,713,866	24,000,000	81,366,883	10,440,972	38,744,865	328,050,994
December 31, 2019	29,980,000	146,340,420	7,389,659	24,750,000	64,920,738	6,748,569	39,357,960	319,487,346

Revaluation of assets

The company's freehold properties including land and buildings were valued on an open market basis by independent professionals in 2009 and 2011. The surplus on revaluation is included in capital reserves (see note 20).

Subsequently, in August 2015, the company's freehold land and buildings were professionally valued on a fair value basis by W. & L. Associates Limited. The sum of the values of these properties amounts to Three Hundred and Seventy-Six Million, Nine Hundred Thousand Dollars [\$376,900,000]. This surplus has not been incorporated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

10. LEASE RIGHT-OF-USE

The company leases a number of properties to conduct its operations which were previously classified as operating leases under IAS 17. These lease contracts were contracted for varying periods ranging from two to ten years, with options to renew. Some leases provide for additional rent payments that are based on changes in local price indices.

The current lease contracts are recognised in the statement of financial position as a *right-of-use asset* and the corresponding credit as a *lease liability*.

Assets and liabilities are initially measured on a present value basis and lease liabilities include net present value of the fixed payments less any lease incentives receivable. The company has elected not to recognise *right-to-use* assets and lease liabilities for short-term [non-renewable leases and/or leases of low-value items].

Amount recognised in the statement of financial position [IFRS16]:

i. Right-of-use assets

	2020	2019
	\$	\$
Right-of-use assets		
Buildings [right-to-use upon adoption]	235,659,719	235,659,719
Additions to <i>right-of-use</i> Asset	215,484,971	-
	<u>451,144,690</u>	<u>235,659,719</u>
Accumulated depreciation brought forward	26,745,067	-
Depreciation charge for the year	31,054,767	26,745,067
	<u>57,799,834</u>	<u>26,745,067</u>
Balance at end of year	<u><u>393,344,856</u></u>	<u><u>208,914,652</u></u> *

ii. Lease liabilities

Maturity analysis - contractual undiscounted cash flows:

Less than one year	58,292,236	45,223,660
One to five years	152,814,044	125,746,494
More than five years	547,688,955	241,301,402
	<u>758,795,235</u>	<u>412,271,556</u>
Less: Future interest	<u>(380,570,013)</u>	<u>(211,369,738)</u>
	<u>378,225,222</u>	<u>200,901,818</u>
Less: Current portion	<u>(41,370,985)</u>	<u>(32,179,146)</u>
Non-current	<u><u>336,854,237</u></u>	<u><u>168,722,672</u></u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

10. LEASE RIGHT-OF-USE (continued)

Amount recognised in the statement of financial position:

iii. Amount recognised in the statement of comprehensive income:

	2020	2019
	\$	\$
Interest on lease liability	13,340,045	9,729,463
Depreciation charge for right-of-use assets	<u>31,054,767</u>	<u>26,745,067</u>

Right-of-use assets are measured at cost based on the amount of the initial measurement of the lease liability. The asset is subsequently depreciated using the straight-line method from the commencement date of the lease term.

iv. Amount recognised in the statement of cash flows:

Total cash outflows for leases	<u>54,099,528</u>	<u>44,487,364</u>
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11. RELATED PARTY

	2020	2019
	\$	\$
Amount due from:		
LCCM Investment Ventures Limited	349,730,271	386,358,519
Net movements	<u>1,941,135</u>	<u>(36,628,248)</u>
	<u>351,671,406</u>	<u>349,730,271</u>
Interest accrued	<u>12,881,553</u>	<u>12,881,553</u>
	<u>364,552,959</u>	<u>362,611,824</u>
Current portion of related party balance	<u>(80,000,000)</u>	<u>(80,000,000)</u>
	<u><u>284,552,959</u></u>	<u><u>282,611,824</u></u>

LCCM Investments Ventures Limited has given the undertaking to repay a minimum of \$80,000,000 on the principal balance during the ensuing year

Fosrich Limited is related to LCCM Investment Ventures Limited by means of common directorship. There were no trading activities between the companies during the year.

12. INVESTMENTS

	2020	2019
	\$	\$
Keyman Insurance - cash surrender value	4,602,666	4,602,666
Deposits - Bonds/guarantees	1,115,365	1,619,273
Term Deposits	<u>10,351,208</u>	<u>13,175,003</u>
	<u><u>16,069,239</u></u>	<u><u>19,396,942</u></u>

The above 'term deposits' include amounts denominated in United States Dollars [US\$73,141] and Jamaican Dollars, which earn interest at rates of .75% and 2.95% respectively.

These funds are being held as security for the loans (*see note 22*)

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

13. INVESTMENTS - OTHER

	2020	2019
	\$	\$
Quoted Securities at market value		
Shares at market value	1,918,125	2,568,564
Loss from fair value adjustment	(465,000)	(650,439)
	<u>1,453,125</u>	<u>1,918,125</u>

14. INVESTMENT IN ASSOCIATED COMPANY

	2020	2019
	\$	\$
Net investment in associated company	<u>24,311,792</u>	<u>-</u>

During the year, the company acquired a 20% share in Blue Emerald Limited, a company established to conduct the business of pole-mount and pad-mount transformer repairs, the manufacture of large diameter PVC pipes and PVC fittings.

At reporting date, the company had not yet commenced trading.

15. INVENTORIES

Inventories comprise:

	2020	2019
	\$	\$
Merchandise	1,261,472,410	1,143,906,119
Raw material	40,832,054	24,391,314
Goods-in-transit	155,932,639	-
	<u>1,458,237,103</u>	<u>1,168,297,433</u>

16. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	\$	\$
Trade receivables	<u>245,498,897</u>	<u>214,306,605</u>
Other receivables and prepayments comprise:-		
Sundry receivables	9,019,308	27,208,889
Deposits with suppliers	85,330,264	-
Statutory receivables	25,946,983	-
Prepayments	23,011,539	24,538,847
Other deposits	47,569,997	46,888,633
	<u>190,878,091</u>	<u>98,636,369</u>

The company's exposure to credit risk and impairment loss associated to trade and other receivables are disclosed in note 24(b).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

17. CASH & BANK BALANCES

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

	2020	2019
	\$	\$
Cash and current account balances	33,402,834	54,578,491
Savings account	588,488	1,916,530
	<u>33,991,322</u>	<u>56,495,021</u>

Amounts held in savings accounts are denominated in United States Dollar and Jamaican Dollar and attract interest at rates 0.75% and 2.95% per annum respectively during the year.

18. PAYABLES

	2020	2019
	\$	\$
Trade	404,495,781	224,455,754
Advances and other payables	54,504,485	38,985,479
Statutory payables	4,970,381	5,431,898
	<u>463,970,647</u>	<u>268,873,131</u>

19. SHARE CAPITAL

(a) Share capital

	2020	2020	2019
	Units	\$	\$
Authorised -			
Ordinary shares at no par value	512,821,000		
Issued and fully paid -			
Ordinary shares	502,275,555	369,620,810	369,620,810
Treasury shares	(2,372,038)	(8,545,728)	-
	<u>499,903,517</u>	<u>361,075,082</u>	<u>369,620,810</u>

During the year the company purchased 2,372,038 of its shares at fair value of \$8,545,728.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

20. CAPITAL RESERVES

Capital reserves represent unrealised surplus on the revaluation of the company's freehold properties over the period 2009 to 2011. The valuations were carried out by independent valuers.

21. EARNINGS PER STOCK UNIT

Basic earnings per ordinary stock unit is calculated by dividing the net profit attributable to equity holders by the weighted average number of stock units in issue during the year.

	2020	2019
	\$	\$
Net profit attributable to equity holders of the company	<u>125,695,400</u>	<u>106,886,060</u>
Weighted average number of ordinary stock units in issue	501,238,269	502,275,555
Basic earnings per stock unit	<u>\$0.25</u>	<u>\$0.21</u>

22. LONG-TERM LIABILITIES

	Interest Rate	2020	2019
		\$	\$
Loans			
i First Global Bank Jamaica Limited - Consolidated Loan	[8.50%]	176,936,541	229,260,873
ii First Global Bank Jamaica Limited - Non-Revolving Loan	[8.00%]	116,538,884	-
iii First Global Bank Jamaica Limited - Motor Vehicle Loan	[7.75%]	11,117,717	-
iv First Global Bank Jamaica Limited - Motor Vehicle Loan	[7.75%]	8,345,626	10,397,625
v First Global Bank Jamaica Limited - Motor Vehicle Loan	[7.00%]	16,533,852	18,565,383
vi Mayberry Investments Limited	[7.50%]	200,059,745	200,010,684
vii Corporate Bonds - unsecured	[8.50%]	200,000,000	200,000,000
viii Corporate Bonds - secured	[6.25%]	<u>560,000,000</u>	<u>460,000,000</u>
Total		<u>1,289,532,365</u>	<u>1,118,234,565</u>
Accrued interest on loans		<u>560,510</u>	<u>2,045,411</u>
		<u>1,290,092,875</u>	<u>1,120,279,976</u>
ix. GK Investments - Finance lease obligation		906,606	4,927,814
GK Investments - Finance lease obligation, accrued interest		<u>29,250</u>	<u>-</u>
		<u>1,291,028,731</u>	<u>1,125,207,790</u>
Less: Current portion of loans		(73,522,743)	(68,365,977)
Current portion of finance lease obligation		<u>(906,607)</u>	<u>(3,742,230)</u>
		<u>(74,429,350)</u>	<u>(72,108,207)</u>
		<u>1,216,599,381</u>	<u>1,053,099,583</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

22. LONG-TERM LIABILITIES (continued)**First Global Bank Loans -**

i. First Global Bank - Consolidated Loan

The terms of this loan was revised on June 25, 2018 at a variable interest rate of 8.5% per annum. The loan period is 60 months, repayable on or before the maturity date and computed based on a 96 months amortization schedule, allowing for 'bullets payments' to liquidate the loan on its expiry date.

ii. First Global Bank - Non-Revolving Loan

This loan is a consolidation of loans made during the year to fund the company's service contract with the Jamaica Public Service Company to repair transformers. The loan is for a period of 48 months, expiring in November 2024. It attracts a variable rate interest at the rate of 8% per annum.

iii. First Global Bank - Non-Revolving motor vehicle Loan

This loan was granted in August 2020 and attracts interest at a variable rate of 7.75%. It is repayable over a period of 60 months applying prevailing interest rate.

iv. First Global Bank - Non-Revolving motor vehicle Loan

This loan was granted in May 2019 and attracts interest at a variable rate of 7.75%. It is repayable over a period of 60 months applying prevailing interest rate.

v. First Global Bank - Non-Revolving motor vehicle Loan

This loan was granted in March 2019 and attracts a variable rate interest of 7% per annum. It expires in March 2027.

Security being held by the bank is in the form stated below:

The First Global loans are secured by:

- (a) The personal guarantee of two of the company's directors and supported by the directors' personal assets in the form of real estates and the assignment of life insurance policies
- (b) Letters of subordination of director's loans to the bank borrowings.
- (c) Debenture over the company's assets
 - Supported by Mortgages over the company's commercial properties situated at:
 - 77 Molyne Road, Kingston 10
 - 8A and 8B Maverly Avenue, Kingston 10
 - 14 Burley Road, Kingston 10
- (d) The assignment of Fire and Allied Insurance over stock-in-trade and 'keyman' life insurance policies.
- (e) The assignment of 'keyman' life insurance policies on the lives of Cecil Foster and Marion Foster.
- (f) Lien on term deposit held by the company.
- (g) Letters of Subordination signed by Cecil Foster and Marion Foster.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

22. LONG-TERM LIABILITIES (continued)

Mayberry Investments Limited - Repurchase Agreements

- vi. The Mayberry Investment loan was received December 27, 2018 and matures December 2020. Interest accrues monthly at a rate of 7.5% per annum, and is unsecured

Corporate Bonds

- vii. Corporate Bonds - unsecured
These are debt instruments raised on the open market and attract a fixed interest rate of 8.5% per annum and is unsecured, in part by assets pledged by the directors. These notes were issued in January 2020 with a tenor of three years.
- viii. Corporate Bonds - secured
These are debt instruments raised on the open market and attract a fixed interest rate of 6.25% per annum and is unsecured, in part by assets pledged by the directors. These notes were issued in January 2020 with a tenor of three years.
- ix. GK Investments assumed the lease arrangements formerly held with First Global Bank for the acquisition of motor vehicles. The leases are at interest rates of 13.70% and 15.00% per annum.

Covenants

Financial Covenants

- i. *Debt/Tangible Net Worth*
First Global Bank requires maintenance of a maximum Debt to Tangible Net Worth ratio of **2.1 : 1**. At year-end, it satisfies the bank's requirement by maintaining at Debt to Tangible Net Worth of **1.47:1**.
- ii. *Inventory Days*
The bank requires, that at year-end the maximum inventory days should not exceed 500 days. At reporting date, the value of inventory on hand as a measure of the product cost of goods sold during the current year amounted to **454 days**.

In respect of other covenants, tests were conducted and confirmation received that at the date of signing, the insurance coverage in respect of those properties held by the bank as security for the loans remained fully insured.

23. DIRECTORS' LOAN

This represents loan to the company by Directors. The loan is interest free and has no fixed date for repayment.

24. FINANCIAL INSTRUMENTS

The company's activities exposes it to a variety of financial risk: market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk. It is the responsibility of the Board of Directors for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adhere to limits. Risk management policies are reviewed on a regular basis and reflect changes in market conditions and in the company's activities.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

24. FINANCIAL INSTRUMENTS

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company is exposed to currency risk due to fluctuations in exchange rates on transactions and balances that are denominated in currencies other than Jamaican Dollar. Foreign exchange risk arises from commercial transactions, primarily with respect to purchases, which are denominated in United States dollars. The company does not earn foreign currency to counter the effects of the fluctuation in exchange rates.

The company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept at an acceptable level by monitoring currency positions. The company manages this risk by maintaining foreign currency accounts to satisfy its foreign creditors.

The principal foreign currency risks of the company, represented by balances in United States Dollars are as follows:

	2020 <u>US\$</u>	2019 <u>US\$</u>
Cash and cash equivalent	157,567	91,984
Trade and other payables	<u>(2,460,815)</u>	<u>(1,243,002)</u>
Net exposure	<u>(2,303,248)</u>	<u>(1,151,018)</u>

Sensitivity analysis

Strengthening or weakening of the currency against the Jamaica Dollar would have increased profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Increase/(decrease) in profit	
	Strengthening	Weakening
	<u>2%</u>	<u>6%</u>
United States dollar	Ja\$ <u>6,604,951</u>	Ja\$ <u>(19,814,852)</u>

The exchange rates applicable at balance sheet date are US\$ 1 = J\$141.5233 (2019= J\$129.7847) in respect of foreign currency assets and US\$ 1 = J\$143.3834 (2019 = J\$132.56907) in respect of foreign current liabilities.

(ii) Interest rate risk

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

The company's interest rate risk 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 these instruments. It's interest rate risk arises from long-term borrowings and other debt instruments.

The sensitivity of the profit or loss to this risk is the effect of the assumed changes in interest rates on profits based on variable rate borrowings and other debt instruments.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

24. FINANCIAL INSTRUMENTS (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

Financial assets -

- The company's financial assets subject to interest rate risks are in the form of bank deposits, cash and cash equivalents, which are not considered material and are being held on a short-term basis.

Financial liabilities-

Approximately 74% [2019 = 77%] of the company's borrowings are fixed rate instruments. The following reflects the sensitivity, based on its level of variable rate borrowings to a reasonable possible change in interest rates on the company's profit with all other variables held constant.

		<u>Effect on Net Profit</u>	
		2020	2019
		\$	\$
Change in basis points:			
Increase	+100 [2019 + 100]	2,767,570	2,169,081
Decrease	-100 [2019 + 100]	<u>(2,767,570)</u>	<u>(2,169,081)</u>

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to 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 on the market. The company's exposure in relation to financial instrument is minimal as these are recorded at face value and no diminution in value is expected.

(b) Credit risk

Credit risk is the risk arising from a counterparty to a financial contract failing to discharge its obligations, and arises principally from the company's receivables from customers, cash and investment securities.

Trade and other receivables

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the company and a failure to make contractual payments for a period greater than 120 days past due.

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

The maximum exposure to credit risk at reporting date is represented by the carrying value of its financial assets. The company's exposure to this risk is influenced by the individual characteristics of each customer.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

24. FINANCIAL INSTRUMENTS (continued)

(b) Credit risk

Computation of net impairment on financial assets in respect of the current and the prior year was recognised in the profit or loss and adjusted to retained earnings respectively:

December 31, 2020

	Weighted Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		\$	\$	
Current	2.50%	96,127,764	2,403,194	no
31 to 60 days past due	3.75%	60,838,545	2,281,445	no
61 to 90 days past due	5.10%	12,987,053	662,340	no
91 to 120 days past due	7.35%	18,079,572	1,328,849	no
121 to 150 days past due	8.94%	20,051,010	1,791,558	no
151 to 180 days past due	10.95%	11,869,300	1,299,688	no
Over 180 days	32.50%	73,239,892	23,802,929	no
		<u>293,193,136</u>	<u>33,570,003</u>	

December 31, 2019

	Weighted Average loss rate	Gross carrying amount	Loss allowance	Credit impaired
		\$	\$	
Current	3.59%	69,218,936	2,484,960	no
31 to 60 days past due	4.36%	51,353,877	2,239,029	no
61 to 90 days past due	5.29%	16,473,116	872,087	no
91 to 120 days past due	6.44%	6,973,275	448,709	no
121 to 150 days past due	7.81%	11,307,292	883,100	no
151 to 180 days past due	9.48%	10,876,209	1,031,065	no
Over 180 days	11.51%	77,309,502	8,898,324	no
		<u>243,512,207</u>	<u>16,857,273</u>	

(c) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

The company manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. Its financial liability comprise payables and accruals.

The company's financial liabilities at December 31, 2020 and 2019 comprise payables, accruals and marketing fund activities which are due to be expended evenly throughout the year.

Assets available to meet all the above liabilities and to cover financial liabilities are substantially receivables and bank balances, which are current and are well managed.

Other than the financial liabilities quantified in these financial statements there are no *off balance sheet* items, contingent liabilities or capital commitments.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

24. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

The company's financial liabilities at 31st December 2020 and 2019 comprise long-term loans, payables and accruals as set out below:

	Within 3 months \$	3 to 12 months \$	1 to 2 years \$	Over 2 years \$	Total \$
As at 31st December 2020					
Payables	457,319,559	6,651,088	-	-	463,970,647
Lease	311,952	623,904	-	-	935,856
Borrowings	18,371,017	55,682,987	285,863,047	930,146,574	1,290,063,625
Right-of-use liability	10,342,746	31,028,239	58,386,425	278,467,812	378,225,222
	486,345,274	93,986,218	344,249,472	1,208,614,386	2,133,195,350
	Within 3 months \$	3 to 12 months \$	1 to 2 years \$	Over 2 years \$	Total \$
As at 31st December 2019					
Payables	266,929,365	1,943,767	-	-	268,873,132
Lease	516,153	1,548,458	2,863,203	-	4,927,814
Borrowings	12,410,497	31,095,259	245,086,472	836,615,562	1,125,207,790
Right-of-use liability	8,044,787	24,134,360	51,552,074	117,170,597	200,901,818
	287,900,802	58,721,844	299,501,749	953,786,159	1,599,910,554

(d) Capital management

The company's objectives when managing capital are to safeguard the entity's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital as well as to meet its liabilities when they fall due and to provide returns for its shareholders. The Board of directors monitors the return on capital on a regular basis.

The company is not subjected to any externally imposed capital requirements.

Other than the financial liabilities quantified in these financial statements there are no *off balance sheet* items, contingent liabilities or capital commitments.

There were no changes in the company's approach to capital management during the year.

(e) Fair value disclosure:

Due to their short-term nature, the amounts reflected in the financial statements for cash and cash equivalents, accounts receivable and payables are considered to approximate to their respective fair values. Additionally, the cost of monetary assets and liabilities has been appropriately adjusted to effect the estimated losses on realisation or discounts on settlement.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

25. CONTINGENT LIABILITY & CAPITAL COMMITMENT

In the normal course of business, the company 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 a payment will be made by the company, and the amount can be reasonably estimated.

In respect of claims asserted against the company for which, according to the principles outlined above, no provision has been made, management is of the opinion that such claims are within merit and can be successfully defended. The following legal matter were pending at reporting date.

i. At reporting date, there was a claim by two persons against the company in relation to a motor vehicle accident involving one of its drivers. The incident occurred on March 30, 2017 and after mediation hearings was returned to the Supreme Court for Case management Conference, which was held on November 12, 2020. Since then the matter concerning one of the claimant was settled.

The matter is expected to be settled within the limits of the insurance policy. No provision has been made in the company's books for a shortfall/(if any), resulting from under recovery of insurance proceeds.

ii. A claim was filed against the company by a contractor in respect of damages for breach of contract in respect of 'finder's fee/commission' payable to him on a project undertaken by the company between April to July 2014.

The claimant requested and obtained that a default judgement be entered against the company; however, this was set aside on March 16, 2020. The matter is now for the 'Mediation to ensue. The dates for the hearings have not yet been determined.

26. IMPACT OF COVID-19 PANDEMIC

The novel Coronavirus (COVID-19) outbreak was declared a global pandemic in March, 2020 by the World Health Organisation. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices. The Government has implemented a number of measures to reduce the spread of the virus, including nightly curfews, quarantines and restrictions on large public gatherings. These restrictions have had adverse economic effects on the financial operations of some stakeholders. The company has implemented measures to minimise the impact of the pandemic on its operations.

Based on management's assessment, the impact has not been significant, as its supply of raw materials and commodities for sale was not interrupted and its sales were inline with projections for most product lines.

Although, it may take awhile before businesses return to full normalcy, having regards to the precautionary measures taken, management maintain that the going concern assumption remain appropriate and the company is not expected to be significantly impacted by the COVID-19 pandemic.

NOTES

PROXY FORM FOR HYBRID MEETING



I/We _____
a shareholder of FosRich Company Limited, hereby appoint
_____ (name) of _____ (address)
proxy, or failing him
_____ (name) of _____ (address)
as my/our alternate proxy to vote for me/us and on my/our behalf at the 2021 Annual General Meeting of FosRich Company Limited, to be held on Tuesday, 17th of August, 2021 at 2:30 pm, electronically on Zoom, and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit)

Resolution Detail

Vote For Or Against
(Tick As Appropriate)

Ordinary Business			
No.	RESOLUTION	FOR	AGAINST
1	To adopt the audited accounts for the year ended December 31, 2020 and the report of the Directors and Auditors thereon.		
2	The Directors retiring by rotation in accordance with Article 97 of the Company's Articles of Incorporation are Marion Foster and Rosalyn Campbell, who being eligible for re-election, offer themselves for re-election to the Board.		
2a	To re-appoint Marion Foster to the Board.		
2b	To re-appoint Rosalyn Campbell to the Board.		
3	To approve dividend declared of \$0.095 per share and paid on the 11th. day of December 2020 to the shareholders on record as at November 27, 2020, by the Company.		
4	To re-appoint Crooks Jackson Burnett, Chartered Accountants of Unit 9a, 2 Seymour Avenue, Kingston 6, as the auditors of the company and to fix them remuneration.		
Special Business			
5	To amend the Company's Articles of Incorporation		
	Article # 1 - Interpretations The definition of "Electronic", "In Writing" and "Hybrid meeting" to be included as follows: <i>"electronic" means and include but not limited to technology utilized by facsimile machines, scanning devices mails sent using computer or other similar automated or photographic devices, webcasting, teleconferencing, videoconferencing, live stream or broadcast or a combination of these.</i> <i>" in writing" means and includes not only printed, lithographed, typewritten and visibly represented or reproduced by any other mode, but also includes electronic mail and attachments, posted links to access documents on a website or documents stored and delivered on a portable computer storage medium.</i>		

	"hybrid meeting" means meeting held in person and by electronic means		
	<p>Article # 5 – Share Capital and Variation of Rights Amendments to read:</p> <p>If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these regulations relating to general meetings shall apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy or in person by electronic means or by proxy by electronic means, may demand a poll.</p>		
	<p>Article # 35 (e) – Joint Holders of Shares Amendments to read:</p> <p>any one (1) of the joint holders of any share for the time being conferring a right to vote may vote either personally or by proxy or in person by electronic means or by proxy by electronic means at any meeting in respect of such share as if he were solely entitled thereto, providing that if more than one (1) of such joint holders to be present at any meeting, either personally or by proxy, the person whose name stands first in the register as one of such holders, and no other, shall be entitled to vote in respect of the said shares;</p>		
	<p>Article # 50 – General Meetings Amendments to read:</p> <p>The company shall in each year hold a general meeting as its annual general meeting at such time and place in person or by electronic means or by a combination of both as the directors shall appoint, in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than fifteen (15) months shall elapse between the date of one annual general meeting of the company and that of the next. Provided that so long as the company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the directors shall appoint.</p>		
	<p>Article # 53 – Notice of General Meetings Amendments to read:</p> <p>An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one (21) clear days' notice in writing at the least, and a meeting of the company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen (14) clear days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the hour of meeting and the mode by which members and proxies shall participate, whether in person or by electronic means or a combination of both and, in the case of special business, the general nature of that business, shall be given in manner</p>		

	hereinafter mentioned or in such other manner, if any, as may be prescribed by the company in general meeting, to such persons as are, under the regulations of the company, entitled to receive such notices from the company:		
	<p>Article # 56 – Proceedings at General Meetings Amendments to read:</p> <p>No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business; save as herein otherwise provided, two (2) members present in person or by proxy or in person by electronic means or by proxy by electronic means shall be a quorum.</p>		
	<p>Article # 61 – Proceedings at General Meetings Amendments to read:</p> <p>At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands if in person, or if participation is by electronic means by counts of votes, or indicated by a show of hands received by electronic means, or orally by electronic means, unless a poll is (before or on the declaration of the result of the show of hands) demanded-</p> <ul style="list-style-type: none"> (a) by the chairman; or (b) by at least two members present in person or by proxy or in person by electronic means or by proxy by electronic means; or (c) by any member or members present in person or by proxy or in person by electronic means or by proxy by electronic means and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (d) by a member or members holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right. 		
	<p>Article # 62 – Proceedings at General Meetings Amendments to read:</p> <p>Except as provided in article 66, if a poll is duly demanded it shall be taken in such manner, whether participation shall be in person or by electronic means or hybrid, as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.</p>		
	<p>Article # 63 – Proceedings at General Meetings Amendments to read:</p> <p>In the case of an equality of votes, whether on a show of hands or on a poll, whether in person or by electronic means, by counts of votes indicated by a show of hand, or orally by electronic means, the chairman of the meeting at which the show of hands take place or at which the poll is demanded, equality of votes takes place, shall be entitled to a second or casting vote.</p>		



	<p>Article # 65a – Votes of Members Amendments to read:</p> <p>Subject to any rights or restrictions as to voting, for the time being, attached to any class or classes of shares, on a show of hands, every member present in person, or proxy or person by electronic means or proxy by electronic means shall have one (1) vote, and on a poll every member, present in person or proxy, or person by electronic means or proxy by electronic means, shall have one (1) vote for each share of which he is the holder.</p>		
	<p>Article # 67a – Votes of Members Amendments to read:</p> <p>A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, weather in person or by electronic means, by his committee, receiver, or other person in the nature of a committee or receiver appointed by that court, and any such committee, receiver, or other person whether present in person or electronic means may on a poll vote by proxy or by electronic means or proxy by electronic means.</p>		
	<p>Article # 67b – Votes of Members Amendments to read:</p> <p>On a poll, vote may be given either personally or by proxy or by person present by electronic means or proxy present by electronic means.</p>		

Signed this _____ day of _____, 2021

Signed: _____ (Primary Shareholder / Director)

Name: _____ (print name)

Signed: _____ (Joint Shareholder / Director / Secretary)

Name: _____ (Print name)

NOTE

1. A member entitled to attend and vote at this Annual General meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. A Proxy Form is enclosed at the back of the annual report for your convenience.
3. Members can also download a proxy form from the company's website (www.fosrich.com).
4. A Director and the Company Secretary are required to sign the proxy form of a corporate member under the common seal of that company.
5. Amendments made to the proxy form must be initialed by the member(s) signing.
6. In the case of joint holders, any member may sign the proxy form to the exclusion of the other joint holder(s).
7. The completed form must be properly executed, stamped and together with the power of attorney or other documents appointing the proxy, must be deposited with the Secretary at the Registered Office of the company at 79 Molyneux Road, Kingston 10, no later than 2:30 p.m. Friday 13th August 2021.
8. The Proxy Form shall bear stamp duty in the amount of \$100.00 by way of postal adhesive stamp(s) which is to be cancelled by the person signing the form.

Seal

ANNUAL REPORT
2020

FosRich
C O M P A N Y L I M I T E D

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