SOS ANNUAL REPORT 2018

STATIONERY & OFFICE SUPPLIES LTD.

Contents

Financial Highlights

With the purchase of SEEK and six months of learning, planning and making adjustments, we now anticipate maximising profits from every business line in 2019.

STATIONERY & OFFICE SUPPLIES LTD.

NOTICE IS HEREBY GIVEN that the 2019 Annual General Meeting of Stationery & Office Supplies Limited (the "Company") will be held on Tuesday, June 11, 2019 at 2:00 p.m. at the Knutsford Court Hotel Limited, 16 Chelsea Avenue, Kingston 5, Jamaica for the following purposes:

1. To receive the Company's Audited Accounts and the Reports of the Directors and the Auditors for the year ended December 31, 2018. To consider and (if thought fit) pass the following resolution:

   Resolution No. 1: "THAT the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended December 31, 2018 be approved."

2. To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors. To consider and (if thought fit) pass the following resolution:

   Resolution No. 2: "THAT Mair Russell Grant Thornton, Chartered Accountants be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

3. To consider and (if thought fit) declare a final dividend.

   Resolution No. 3: "THAT a dividend of five cents ($0.05) per ordinary stock unit paid to the ordinary stock holders of the Company be approved.

4. The Directors to retire from office pursuant Article 102 of the Articles of Incorporation are Kelli Muschett, Anthony Bell, and Richard Evan Thwaites.

   Resolution No. 4: To approve the re-election of Directors recommended for appointment to the Board of Directors of the Company. To consider and (if thought fit) pass the following resolutions:

   a) "THAT retiring Director Kelli Muschett be and is hereby re-elected a Director of the Company,"

   b) "THAT retiring Director Anthony Bell be and is hereby re-elected a Director of the Company," and

   c) "THAT retiring Director Richard Evan Thwaites be and is hereby re-elected a Director of the Company."

Dated this 15th day of April 2019

BY ORDER OF THE BOARD

Marjorie E. McDaniel

Marjorie McDaniel
Secretary

REGISTERED OFFICE
23 Beechwood Avenue,
Kingston 5

A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a Member of the Company. A Proxy Form is enclosed for your convenience. Completed Proxy Forms must be lodged at the Company's Registered Office at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

COMPANY HISTORY

Since its incorporation, the Company has metamorphosed into a modern and efficient business occupying approximately 55,000 square feet with 134 employees between its locations in Kingston and Montego Bay.

In 1969, the Company relocated to 7 Haining Road in order to facilitate expansion. In 1970, Richard Hing and George Hew resigned as directors of the Company and sold all of their shares in the Company to David and Marjorie McDaniel, who then collectively became the sole shareholders of the Company.

After nineteen (19) years at the Haining Road location, the Company relocated to 4 Orchard Road to facilitate the construction of a 2,500 square foot warehouse. That building was sold in 1997, and the Company expanded its operations and relocated to 21 – 25 Beechwood Avenue where it operates out of 35,000 square feet warehouse, office and showroom on 58,000 square feet of land. The extra space has allowed the Company to expand with ample parking for its trucks, employees and customers.

As the Company grew over the years, it branched out from its core business of stationery items to include modular office furniture, partitions, metal products, chairs and many more items, which sees the Company working after normal business hours and on weekends in order to accommodate the needs of customers for both installations and servicing, as the Company services all items that it sells and always tries to accommodate any reasonable request that is made by its customers.

With the use of AutoCAD® software technology, the Company is able to design office spaces and placing of partitions and furniture in order to optimize the use of space thus allowing its customers to maximize the output of their human resources. The Company is also able to afford its customers the facility of customizing their furniture requirements from both an aesthetic and also from a cost and need perspective. The modular nature of its systems furniture allows its customers to scale their furniture requirements to meet their physical needs and cash flow limitations allowing the Company to grow with its customers.

Apart from its ability to service what it sells, another hallmark of the Company's service is its ability to supply most customer orders out of existing stock due to its optimally-managed stock and warehousing systems which is integrated into a customer relationship management software system that was specially designed for the Company.

The Company has also recently purchased 34 Collins Avenue, which is a property (with a usable building located thereon) that abuts and is contiguous to its offices at Beechwood Avenue. The Company estimates that the acquisition of this property will allow it to initially increase its warehousing space by approximately 10,000 square feet and then scale up to approximately 20,000 square feet of warehousing space effectively increasing its occupiable space in Kingston by approximately fifty-seven per cent (57%). This increased warehousing space will allow the Company to increase its stock levels and the turnover of its stock with a resultant increase in revenue.

Succession Planning

In 1992, the first of the second generation of McDaniel's, Mrs. Kerri McDaniel-Todd, joined the Company as a sales representative and now currently holds the position of Director - Special Projects. Mr. Stephen Todd, joined in 1997, as Director - Sales and Marketing.

In 1998, Mr. Allan McDaniel joined the Company to assist in the management of the warehouse and is currently the Deputy Managing-Director and Director with responsibility for Logistics and Warehousing. The last family member to join the Company in 2000 was Mrs. Kelli McDaniel- Muschett who is the Director - Purchasing and Administration. By 2006 the management team was complete with the addition of Mr. David Charles Plant as the Company's Financial Controller.

With the addition of each new member of the management team over the years, the Company has seen a surge of enthusiasm which has seen the Company adapting to the latest technology, more modern sales and marketing tactics and increased customer service techniques, which has resulted in higher customer satisfaction and increased sales. The Company has also seen an expansion in the lines that it carried as well as new products and services that are being offered including: shredding, shredding machine repairs, furniture valuations, mobile high density storage solutions, space planning, movable wall systems and accordion doors.

The Kingston Head Office of the Company employs one hundred and eighteen (118) staff members with a fleet of eleven (11) delivery vans that cover deliveries island-wide.

After years of successful operations in Kingston, and with the increase in demand for better service and faster turnover of deliveries in areas outside of Kingston, in 2010 the Company opened its doors in Montego Bay at the new Fairview Office Complex with 1,200 square feet of office and showroom space

and 1,800 square feet of storage space (which is supported by the stock held at the Kingston location). The Montego Bay branch has a staff complement of sixteen (16) and is managed by Ms. Denise McIntosh as Branch Manager. This dynamic team quickly and efficiently started to pave new paths into the western regions of Jamaica which had previously been inaccessible. Two (2) delivery vehicles make the journey from Trelawny through to Westmoreland which gives our western customers access to goods that they never had before. This office was greeted with enthusiasm by the Company's customers and has surpassed the expectations of the Company.

The Company currently has over 3,180 credit customers with whom it does business with on a consistent and ongoing basis, in addition to thousands of cash customers.

Exclusive Distribution Rights

The Company is the sole distributor in Jamaica for Fursys Systems Office Furniture (one of its leading lines of systems (modular) office furniture), Boss Chairs, Smart Office Furniture, Hi-Top Case Goods, Torch Furniture, Image Furniture, Sentry Safes, Gardex Fire Resistant Cabinets and Safes and is the only authorized service agent for Fellows Shredders. The Company's Approved Economic Operator status with the Jamaica Customs Agency allows it to have its documents processed at customs immediately and to have its cargo released without inspection which facilitates the Company's efficient management of its stock levels.

SEEK Acquisition

In May 2018, the Company announced that it acquired the manufacturing assets of Book Empire Limited, which makes notebooks, quire books, and writing pads, in a deal worth $80 million. The assets acquired from Empire included ruling machines, guillotines, gluing machines, stapling machines, and book presses, thus eliminating the need to outsource the production of pads and paper stationery. With the expansion, SOS employed an additional 25 persons, including Bruce Baylis, who led the Book Empire operations, and continues to oversee the business under SOS ownership.

International Customers

Throughout the years the Company has done business with every sector of the Jamaican economy, including: government agencies (as it enjoys Approved Supplier status by the National Contracts Commission), schools, architects, interior designers, hospitals and a myriad of private sector organizations, including the BPO sector, which is testament to the very wide appeal that its products and services have across the various sectors of the economy. In addition, the Company has also supplied and installed systems furniture overseas to many multinational organisations in territories such as: The Turks and Caicos Islands, Haiti, Anguilla, Saint Kitts, Barbados, Saint Vincent, Guyana and Miami, and sees the potential to expand its foot-print within the Caribbean region as the Company continues its expansion drive.

Sustainability and Green Solutions

In 2011, the Company decided to play its part in protecting our environment by introducing shredding services to the general public. This endeavour has grown rapidly over the last six (6) years as companies have become more aware of the hazards of improper waste disposal methods of old office documents and sensitive data storage material. Housed in its own secure storage facility on the compound, this addition to the Company's service offerings meets all international best practice standards, including banking best practice standards, as they apply to shredding and the destruction of material that contain confidential information.

All of the shredded paper products are exported and sent to various mills overseas where the shredded paper is recycled. Customers are able to relax in the comfort of their offices and view the shredding process being undertaken at the Company's premises with SOS' on- line real-time viewing capabilities. Alternatively, customers may also be present at the Compnay's premises to observe the process. The Company is currently able to process up to 5,000 pounds of paper of a daily basis and also has the ability to shred tapes, hard drives, CDs and other media storage devices in compliance with international best practice standards. Pickup and delivery services options are also offered to those clients who require door to door service.

In December 2014, the Company installed a 75kw solar (photovoltaic) system at its head office at Beechwood Avenue. This includes 292, 255 watt solar panels mounted on the roof and 9, 7000 watt inverters installed in a secure location. This has resulted in a 70% reduction of the Company's reliance on electricity supply from Jamaica Power Service (JPS), and a significant decrease in operating costs. This is quite a juxtaposition from the era of absolute reliability on JPS for electricity supply that obtained on the day that the Company was incorporated when the Daily Gleaner's headline read: "House approves new JPSCo franchise" and is a testament to the Company's evolution over the years.

The Company is very proud of its contribution to the preservation of the environment and will continue to exercise this policy in the foreseeable future.

Our Customers

The Company provides its products and services to many blue-chip companies and businesses in Jamaica. Some of the Company's customers are set out below:

PROJECT: BUSINESS PROCESS INDUSTRY ASSOCIATION OF JAMAICA

"Our management team has been relentless in ensuring our growth continues especially as it relates to a 'great customer experience'."

It is an incredible pleasure to report that Stationery and Office Supplies Limited (SOS) in 2018 achieved another year of growth as a result of an acquisitive approach and a robust sales strategy.

During the 2018 financial year, we acquired the SEEK brand of notebooks and launched into manufacturing, while at the same time simultaneously surpassing $1 billion in annual sales for the first time in the company's history. Added to our list of firsts was the achievement of a new record of the highest ever sales in a single month, $102 million in March 2018. Shareholders also benefited when our stock hit a high of $10 and ended the year at $8.19, an increase of 66% over the year end in 2017.

We have always stressed that the office supplies industry mimics the economy as a whole. The stability and steady growth of the economy in 2018 translated into growth in the overall furniture and office supplies sector. More than ever, we exist in an economy characterized by low interest rates, low inflation, high business confidence, and the lowest country-debt in decades. This sets an important condition for the formation of new businesses and the growth of existing companies. Businesses will spend more on office furniture, in an effort to increase the comfort of staff, while modernising and creating efficiency in the overall work environment.

Record revenues

Shareholders, our board and team expressed satisfaction at the performance during the year with SOS realizing record revenues, increasing from $906 million at the end of 2017 to $1.06 billion at 2018 year-end, an increase of 17%. This increase resulted in SOS achieving its highest ever pre-tax profit ending the year at $85 million or 3.0 percent higher year on year after taking into account the start-up expenses for SEEK. This represented earnings per share of $0.37 for the year. The company assets grew 30 percent in the year to $853 million, mainly from the purchase of SEEK and the new equipment. Also, there was a significant increase in inventories that grew by almost 40 percent, from $159 million to $215 million, as well as bank and cash growth by over 500 percent from $8.2 million to $52.6 million.

The purchase of SEEK and the opportunity to get into manufacturing was one of significant strategic growth for the company. The first year was challenging as we began to learn about the manufacturing industry and more specifically the manufacturing of paper products. It also took some time to align ourselves with other distributors in the market, but with that knowledge, time and effort we very quickly saw gains and promise of significant return on our investment. One thing we also focused on was expanding the product line of SEEK so we would not be entirely dependent on back to school products which are seasonal. During the year, we began manufacturing other paper products such as perforated ruled pads, flip chart pads, and stenographer books. With the expansion of the product line, we expect continued growth of the business line and a very positive outlook for SEEK going into 2019.

Playing our role

While we celebrate our success as a company, we continue as always, to serve our community. The company continues to facilitate the education of Jamaica's youth through donations made to SOS Campion College Fund, The Cloud Nine Mathematics Workshops as well as other donations. We also supported several initiatives as a team including 'Run for a Cause'. As part of our focus for a revitalized and developed Jamaica, we will continue to play a role in creating an eco-friendly environment within our offices and support of other local causes devoted to same.

I would like to thank the Board of Directors whose decades of knowledge and wisdom at the Board level provide great counsel and who have been vital in the growth of SOS. Being able to discuss ideas and plans with individuals, who have already been through the process, helps to bring clarity to our direction. Our management team has been relentless in ensuring our growth continues especially as it relates to a 'great customer experience'. They continue to provide the right guidance and leadership and to play a significant role as we expand locally and develop more strategies to expand regionally, and at the same time completion of our expanded warehouses, which form a significant part of our 2019 growth strategy.

David McDaniel
Chairman of the Board & Managing Director

David McDaniel

Chairman of the Board & Managing Director

Mr. David McDaniel is the Managing Director and one of the founders of the Company, having worked there from its incorporation and for his entire adult working life. Mr. McDaniel has been the shepherd of the Company over its fifty (50) plus years of trading.

It is through his stewardship that the Company has attained and sustained its success over the years. His vision is to import the skills and expertise of the second generation of his family into the business.

Mr. McDaniel was educated at Saint Paul's Elementary School – Manchester, Jamaica and is trained and equipped to technically and administratively supply and install Fursys Systems Furniture.

Marjorie McDaniel

Director, Chief Administrative Officer & Company Secretary

Mrs. Marjorie McDaniel has been employed from 1968 to present and has been instrumental in the Company's operations and its administration ensuring that the Company operates as optimally as possible.

Mrs. McDaniel was educated at Saint Andrew High School for Girls, Alpha Commercial Academy and is also trained and equipped technically and administratively to supply and install Fursys Systems Furniture.

Allan McDaniel

Deputy Managing Director & Director of Warehousing & Logistics

Mr. Allan McDaniel has been employed to the Company from 1996 to present having worked in the Sales, Design, Installation, Warehouse and Accounts Departments of the Company over the years as he has been identified as the person to eventually succeed his father, Mr. David McDaniel, to lead the Company into the future and as it moves to enter into the next phase of its existence as a listed company.

Mr. Allan McDaniel was educated at Campion College, University of Western Ontario, London, Canada, is certified in AutoCAD 12 (Graphic Design Program), trained and certified By Fellowes Inc. in Shredder maintenance and repairs, trained and equipped technically and administratively to Supply and install Fursys Systems Furniture.

Mr. Allan McDaniel is also a member of both the Company's Audit Committee and its Corporate Governance Committee.

Stephen Todd

Director – Sales & Marketing

Mr. Stephen Todd is the Director - Sales & Marketing of the Company and has been employed to the Company since 1995.

Mr. Todd was educated at Munroe College and Florida International University, Florida, U.S.A. He is certified in Autocad 12 (Graphic Design Program), trained and equipped to technically and administratively supply and install Fursys Systems Furniture.

Stephen is also a member of the Company's Remuneration Committee.

Kerri (McDaniel) Todd

Director Special Projects

Mrs. Kerri Todd has been employed to the Company since 1992 to present and was the first of the member of the second generation of McDaniels to join the Company.

Mrs. Todd was educated at Hillel Academy, Ryerson University (Bachelor of Business Management) Toronto, Canada. She is certified in Autocad 12 (Graphic Design Program) and trained and equipped to technically and administratively supply and install Fursys Systems Furniture.

Kelli (McDaniel) Muschett

Director – Purchasing & Administration, BBM, MBA

Mrs. Kelli Muschett has been employed to the Company from 2000 to present.

She was educated at Hillel Academy and Ryerson University, Toronto, Ontario (Bachelor of Business Management) and the European University, Spain, Madrid - MBA (International Business).

Mrs. Muschett is also trained and equipped technically and administratively to supply and install Fursys Systems Furniture.

Anthony J.A. Bell, J.P.

Non-Executive Director& Chairman of the Audit Committee

Mr. Bell brings to the Board of Directors his experience in management gained at a senior level in many prominent local companies.

Mr. Bell is a graduate of Jamaica College and South West London College, and he has worked as an accountant and financial controller over his career. He served as Managing Director of J. Wray and Nephew Ltd. and Chief Financial Officer of the Lascelles de Mercado group of companies for over thirty (30) years, retiring in 2011. Mr. Bell is a current director of Jamaica College Foundation, First Caribbean International Bank (Jamaica) Limited and First Caribbean International Securities Limited and IronRock Insurance Company Limited.

Mr. Bell is also a member of the Company's Remuneration Committee.

R. Evan D. Thwaites

Non-Executive Director & Chairman of the Corporate Governance Committee

Evan Thwaites is a Chartered Insurer and an Associate of the Chartered Insurance Institute. He is the Managing Director of IronRock Insurance Company Limited.

Mr. Thwaites was educated at Wolmer's Boys' School and completed management training courses in the U.S.A., the United Kingdom and Germany for the purposes of his professional development in the insurance and reinsurance industry. He spent over thirty (30) years with Globe Insurance Company of Jamaica Ltd. (and its predecessor entity, Globe Insurance Company of the West Indies Ltd.), prior to its acquisition by Guardian Group, where he was Managing Director. He subsequently was a consultant and director, of Grace Kennedy Financial Services Ltd. and Jamaica International Insurance Company Ltd., respectively, prior to forming the Company.

Mr. Thwaites is also a member of the Company's Audit Committee.

BOARD OF DIRECTORS (CONT.)

Gary "Butch" Hendrickson, C.D., J.P.

Non-Executive Director & Chairman of the Remuneration Committee

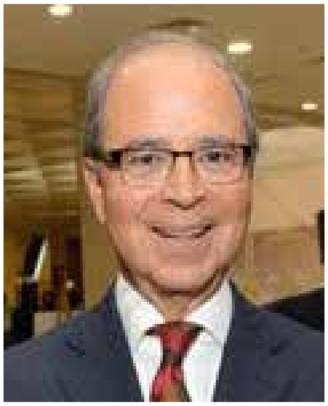
Mr. Hendrickson is the Chairman and CEO of Continental Baking Company Limited and Coconut Bay Beach Resort & Spa in Saint Lucia. Mr. Hendrickson was educated at Jamaica College, Miami Military Academy and Fordham University.

Mr. Hendrickson currently sits on the Boards of Rainforest Seafoods, The King's House Foundation, The Private Sector Organisation of Jamaica, The Bank of Jamaica and the EXIM Bank.

Mr Hendrickson has received the following awards:

- The American Friends of Jamaica - International Humanitarian Award - Philanthropy – October 2016
- Inducted in to the Private Sector Organisation's Hall of Fame - October 2016
- The Jamaica Observer Business Leader Award – Corporate Philanthropy - October 2016
- The Gleaner Honours Award for Voluntary Service in 2015 and for Business in 2002
- The Carlton Alexander Award for Excellence in 2014
- The AMCHAM Award for Civic Leadership -Individual - 2013

Mr. Hendrickson is also a member of the Company's Corporate Governance Committee.



Michael A. Fraser, OD, JP, CLU

Company Mentor

Mr. Michael Fraser is a Senior Insurance Professional who has wide experience in sales, marketing and management. He is a Chartered Life Underwriter (CLU) and graduated in 1987 from the Western Executive Business Programme from the University of Western Ontario, Canada.

He was appointed President and Chief Executive Officer of Island Life Insurance Company Limited in 2000. Up until December 2007 Mr. Fraser was Deputy CEO and Chief Marketing Officer at Sagicor Life Jamaica Limited. Mr. Fraser is Past President & CEO of Sagicor Life of the Cayman Islands Limited, a subsidiary of Sagicor Life Jamaica Limited.

Mr. Fraser is a former Board Member of Sagicor Life Jamaica Limited, a Past President of the Life Underwriters Association of Jamaica and was voted 'Insurance Man of the Year' in 1999. He was inducted into the Caribbean Insurance Hall of Fame in 2005.

Mr. Fraser is a Director of Sagicor Insurance Brokers Limited and Sagicor Life of the Cayman Islands Limited. He is also a Director of AMG Limited and Key Insurance Company Limited

He is currently Vice Chairman of the Jamaica Cancer Society and Chairman of the Jamaica Medical Foundation. His hobbies include Golf and Bird Hunting.

SENIOR MANAGERS

David Charles Plant

Financial Controller

Mr. David Plant has been employed to the Company as its Financial Controller from 2006 to present.

Before working with the Company Mr. Plant had a long and distinguished career at KPMG from 1979 to 1999, and which included a posting in London as Senior Accountant and was employed at Chas E. Ramson Limited as its Financial Controller from 2000 to 2006.

Mr. Plant was educated at Wolmers Boys School and London School of Accountancy & Accountancy Tutors Ltd. He is a Fellow of the Institute of Chartered Accountants of Jamaica and a Fellow of the Association of Chartered & Certified Accountants.

Denise Hope McIntosh

Montego Bay Branch Manager

Ms. Denise McIntosh has been employed to the Company since 2011 to present as the Manager of its Montego Bay Branch.

Before working with the Company, she held posts as Brand Manager, Indies Pharma Jamaica Ltd. in Montego Bay, Station Manager, Delta Airlines (Kingston & Montego Bay) and General Manager Caribbean, Northwest Airlines.

Ms. McIntosh was educated at Montego Bay High School, Montego Bay Community College, University of New Orleans (B.Sc in Business Administration) and University of Liverpool (MBA, Marketing).

Bruce Baylis

Manager Manufacturing division - SEEK productss

Mr. Baylis joined Stationery and Office Supplies after the acquisition of his book empire, SEEK Exercise and Note books. He came to the company with over 30 years' experience in the manufacturing sector, successfully building the Jamaican manufactured brand and developing a solid distribution network islandwide. Mr. Baylis currently manages the production and sales of the SEEK portfolio.

new product

SOS Ltd. is now the authorised distributor for Sentry Safes. Keep your valuables safe from fire and theft – Wills, Paperwork, Car & Land Titles, Jewelry, Passports and Firearms.

CORPORATE GOVERNANCE

The Corporate Governance Committee of SOS has the responsibility of assisting the Board of Directors of SOS in ensuring that its composition, structure, policies and processes for managing the Company are in keeping with corporate governance best practice standards and adhere to the relevant legal and regulatory framework.

The membership of the Corporate Governance Committee comprise three (3) members of the Board, who are independent non-executive directors chosen for their competence and understanding of issues related to corporate governance and the Company's core business. The members of the Committee and the Chair are appointed and removed by the Board.

As at August 14, 2017, the Board consists of nine (9) members with provisions in the Articles of the Company to increase the size of the Board, if necessary. The current members of the Board of Directors are: David McDaniel (Chairman), Allan McDaniel, Anthony Bell, Richard Evan Thwaites, Gary Hendrickson, Kerri Todd, Kelli Muschett, Stephen Todd and Marjorie McDaniel who is also the Company Secretary. The Jamaica Stock Exchange Mentor is Mr. Michael Fraser.

In addition to the Corporate Governance Committee, the Audit and the Remuneration Committees were established during the year. The members of these sub-Committees are:

Audit Committee

Mr. Anthony Bell, Chairman
Mr. Richard Evan Thwaites
Mr. Gary Hendrickson

Corporate Governance Committee

Mr. Richard Evan Thwaites, Chairman
Mr. Anthony Bell
Mr. Gary Hendrickson

Remuneration Committee

Mr. Gary Hendrickson, Chairman
Mr. Anthony Bell
Mr. Richard Evan Thwaites

Board & Committee Meeting Register

The attendance of the Directors at Board and Sub-Committee Meetings is reflected in the table below:

BOARD MEETING ATTENDANCE

Directors in attendance	Meetings held 20/02/2018	3/5/2018	9/08/2018	8/11/2018
David McDaniel, Chairman	Y	Y	Y	Y
Marjorie McDaniel	Y	Y	Y	Y
Allan McDaniel	Y	Y	Y	Y
Kerri Todd	Y	Y	Y	Y
Kelli Muschett	Y	Y	Y	Y
Stephen Todd	Y	Y	Y	N (Apology)
Anthony Bell, Independent Director	Y	Y	Y	Y
Gary Hendrickson, Independent Director	Y	N (Apology)	Y	N (Apology)
Richard Evan Thwaites, Independent Director	Y	Y	Y	Y
Michael Fraser, Mentor	N (Apology)	Y	N (Apology)	Y

AUDIT COMMITTEE ATTENDANCE

Committee Members in attendance	Meetings held 3/5/2018	9/08/2018
Anthony Bell, Independent Director,Chairman	Y	Y
Gary Hendrickson, Independent Director	N (Apology)	Y
Richard Evan Thwaites, Independent Director	Y	Y
Allan McDaniel	Y	Y
Michael Fraser, Mentor	N (Apology)	N (Apology)

REMUNERATION COMMITTEE ATTENDANCE

Committee Members in attendance	Meetings held 20/02/2018
Anthony Bell, Independent Director	Y
Gary Hendrickson, ,Chairman Independent Director	Y
Richard Evan Thwaites, Independent Director	Y
Allan McDaniel	Y

CORPORATE GOVERNANCE COMMITTEE ATTENDANCE

Committee Members in attendance	Meetings held 20/02/2018
Anthony Bell, Independent Director	Y
Gary Hendrickson, Independent Director	Y
Richard Evan Thwaites, Chairman Independent Director	Y
Allan McDaniel	Y

CORPORATE DATA

Executive Directors

Chairman/Manageing Director:
David McDaniel

Deputy Managing Director/Director of Warehousing & Logistics: Allan McDaniel

Director/Company Sercretary/Chief Administrative Officer: Marjorie McDaniel

Director, Sales & Marketing:
Stephen Todd

Director, Special Projects: Kerri Todd

Director, Purchasing & Administration:
Kelli Muschett

Non-executive Directors

Anthony J. A. Bell, J.P.

Gary "Butch" Hendrickson, C.D., J.P.

R. Evan D. Thwaites

Registered Head Office

Stationery & Office Supplies Limited
21 – 25 Beechwood Avenue
Kingston 5
Tel: (876) 926-5688
Fax: (876) 968-8200
WebsIte: www.sosjm.com

Bankers

First Caribbean International Bank (Jamaica) Limited
23-27 Knutsford Boulevard
Kingston 5

National Commercial Bank Jamaica Limited
37 Duke Street
Kingston

JN Bank Limited
10-12 Grenada Crescent
Kingston 5

Attorney

MH&CO Attorneys-at-Law
7 Barbados Avenue
(Second Floor)
Kingston 5

Auditors

Mair Russell Grant Thorton
3 Haughton Avenue
Kingston 10

TOP 10 SHAREHOLDERS *As of December 31, 2018*

SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1 OUTLOOK LIMITED	200,096,400	80
2 ANJANETTE MARIANNA MCDANIEL	5,650,040	2.3
3 KIW INTERNATIONAL LIMITED	3,000,000	1.2
4 JASON CARL CARBY	2,510,000	1.0
5 JNBS PENSION TRUSTEES NOMINEE LTD.	2,240,650	0.9
6 KENDALL MARIE TODD	1,744,000	0.7
7 MIRAH JESSICA LIM TODD	1,480,000	0.6
8 MF & G ASSET MANAGEMENT LTD. - NCB CM UNIT TRUST SCHEME (JMD CARIBBEAN EQUITY PORTFOLIO)	1,192,373	0.5
9 ANTHONY DOUGALL	1,168,443	0.5
10 BRIDGETOWN MANAGEMENT SERVICES LTD	1,002,179	0.4

DIRECTORS' SHAREHOLDINGS *As of December 31, 2018*

DIRECTORS NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
1 DAVID MCDANIEL	NIL	OUTLOOK LTD	200,096,400
2 MARJORIE MCDANIEL	NIL	OUTLOOK LTD	200,096,400
3 ALLAN MCDANIEL	NIL		
4 KELLI MUSCHETT	NIL	OUTLOOK LTD	200,096,400
5 STEPHEN TODD	NIL	OUTLOOK LTD	200,096,400
6 KERRI TODD	NIL	OUTLOOK LTD	200,096,400
7 ANTHONY BELL	NIL	-	
9 GARY HENDRICKSON	NIL	-	
10 R. EVAN D. THWAITES	28,165	-	

SENIOR MANAGERS' SHAREHOLDINGS *As of December 31, 2018*

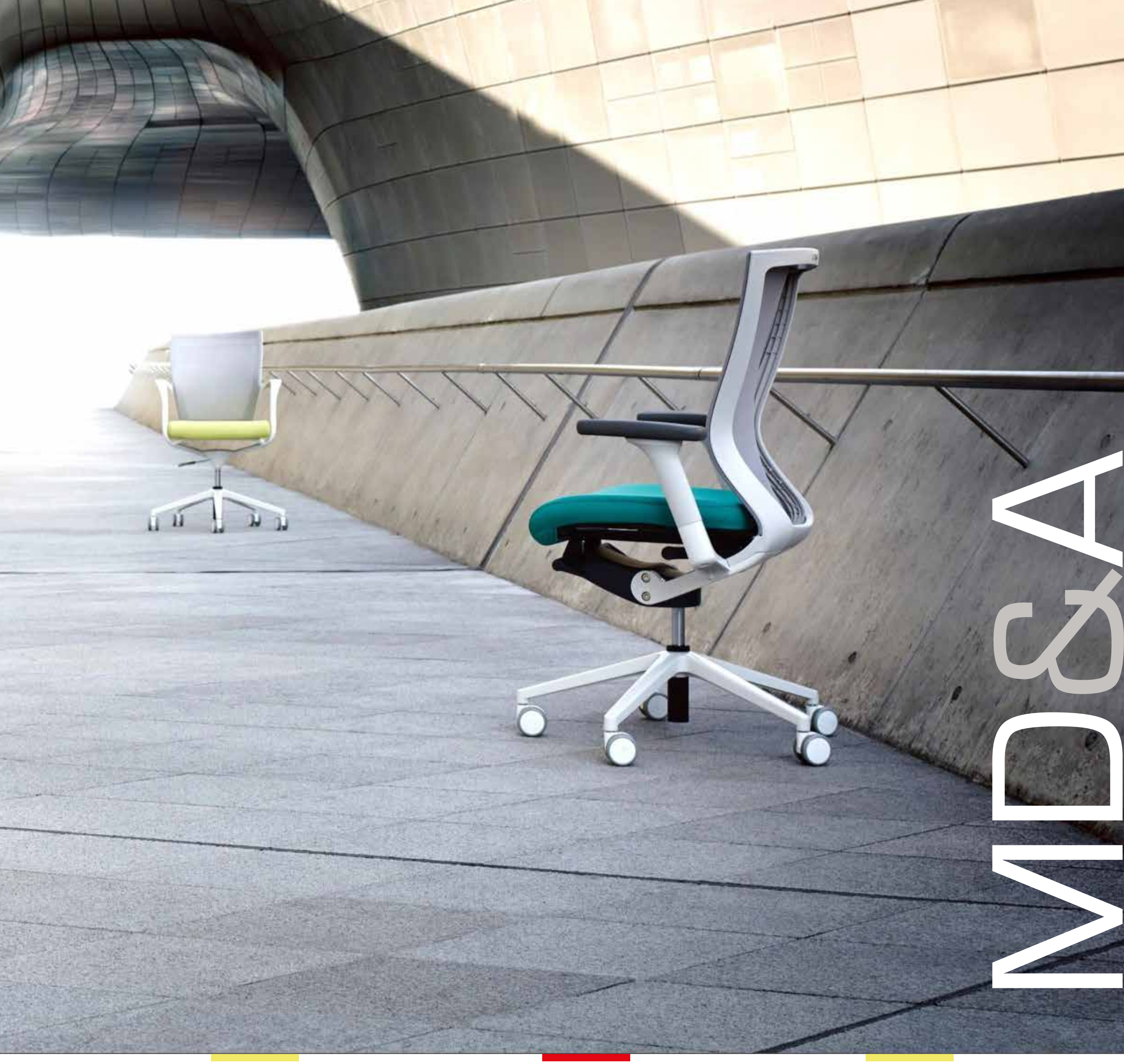
SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1 BRUCE W. BAYLIS	300,000	0.12
2 DENISE MCINTOSH	295,650	0.12

MANAGEMENT DISCUSSION AND ANALYSIS

Stationery and Office Supplies Limited (SOS) was incorporated in 1965 and now has operations in Kingston and Montego Bay. The company sells office furniture from internationally recognised brands, along with its owns own quality branded lines, Torch and Image. Additionally the company sells stationery and office supplies; is a local manufacturer of paper products and also operates an industrial paper destruction business.

2018 HIGHLIGHTS

The 2018 financial year brought with it significant growth for the company which was as a result of the company acquiring and commencing manufacturing of the paper stationary company SEEK, a record- breaking 17% increase in sales year-on-year and continued growth in regional projects.



MD&A

$1.06B

TOTAL REVENUE

Increase of 17%
over previous year

$84.9M

PRE-TAX PROFIT

Increase from $82.8 M
in previous year

$0.37

EARNINGS PER SHARE

Compared to $0.38
of previous year

Three-Year Financial Review

	2018	2017	2016
Sales	1,064,360,671	906,505,818	702,070,851
Gross Profit & Other Income	529,685,319	423,471,020	339,057,876
Expenses	444,704,461	341,189,442	285,904,798
Profit Before Tax	84,980,859	82,281,578	53,153,078

FINANCIAL HIGHLIGHTS

The company recorded an increase in total assets under management to $853.3 million from $655.2 million or 30% year-on-year. This was mainly due to the inclusion of SEEK assets in the consolidated financials. To finance the acquisition, in part, the Company increased its borrowing to $128.1 million from $41.1 million compared to a year earlier. Liabilities however increased at a slower pace than assets which led to a growth in shareholders' equity at $495 million from $413.8 million a year earlier.

Total revenues increased to $1.06 billion or 17% higher when compared to 2017 with the majority of the rise in sales attributable to new and the expansion of existing business .The Torch furniture line grew by 15% from $89.5 million to $103.6 million, and the Image line grew by 25% from $159 million in 2017 to $199 million in 2018. Our imported lines led by Fursys Systems Furniture, increased 30% year-on-year. The Boss Chair line increased 2%, Anji Chairs increased 50% and Hitop increased 20%. The document destruction services however suffered a 15% reduction in business due to increased competition in the market place.

Pre-tax profit increased marginally to $84.9 million from $82.2 million a year earlier with the flat profit attributable to the cost of business acquisition. We expected a larger increase in profit, however the absorption of SEEK and the build out of a new factory space to house approximately 20 new staff, resulted in a marginally higher costs. Administrative costs grew to $294.3 million from $236.6 million a year earlier. Consequently, the EPS dropped marginally to $0.37 per share from $0.38 a year earlier. With the purchase of SEEK and six months of learning, planning and making adjustments, we now anticipate maximising profits from every business line in 2019

TORCH 15%

Increase in Torch line

IMAGE 25%

Increase in Image line

FURSYS 30%

Increase in Fursys line

ECONOMIC IMAPCT

While the economy remained generally stable the company experienced, and continues to experience several challenges with respect to the fluctuating exchange rate . The company relies heavily, (up to 90% of our business), on imported goods. With local companies engaging us in in local currency, SOS has had to absorb decreased margins caused by the depreciating dollar in some periods of 2018. This is most noticeable in the over $3 million loss on foreign exchange on our profit and loss statements for the year, as opposed to the gain of $208,000 experienced in 2017.

At the end of 2018, our staff complement grew to 134 compared to 110 at the end of 2017 including the retention of 18 SEEK employees.

OUTLOOK

As part of the strategic growth plan for moving ahead and an acquisitive leadership culture, we have been in discussion with two US based furniture manufacturers who would like SOS to represent them here in Jamaica. We will also commence and complete the additional warehouse space at the adjacent lot to our head offices purchased in 2017. This warehouse expansion will provide another 10,000 square feet of storage capacity.

The outlook for 2019 and beyond is a positive one given the increase in business and consumer confidence locally and regionally. The economy is continuing to show positive signs with increased foreign and local investment in the island, particularly in the business outsourcing sector. SOS continues its plans to take advantage of this sector by having products ready and available at competitive pricing. For the export market, we are supplying a project in Barbados during the first quarter of 2019, and have another project planned for the second quarter in 2019. We anticipate to realise at least six containers of exported products during the year including both the SEEK products and our lines of Torch and Image furniture. We also intend to sign up our first set of distributors outside the island by the end of the second quarter of 2019. Our team from the Board of Directors to Staff remain invested in the success of SOS. So, with everyone playing their part, we remain committed to ensuring the highest possible returns for all stakeholders.

Community outreach has remained a key staple in the business operations of Stationary and Office Supplies Limited with budgetary allocations in excess of one million dollars in cash and kind given to a number of causes locally.

Education Is Our Staple

In 2017 the company launched the SOS Scholarship Program for Campion College Students which was again executed in 2018 for students in need of financial assistance. The scholarship was open to two students from the 7th grade cohort who were selected based on a 500-word essay application written under the title, "Why I Deserve a Scholarship". The 2018 SOS Scholarship recipients, Elijah Whyte and Justina Butler were awarded:

- A personal computer
- Books & other stationery supplies
- A weekly lunch allowance
- Tuition paid to the school on their behalf

There are four beneficiaries of the SOS scholarship including last year's recipients who were still being funded in 2018. The company is committed to making this a sustained annual project where by the year 2021, two students from each year group will benefit from the programme annually.

The company continues to facilitate the education of Jamaica's youth through donations made to the "On Cloud Nine Mathematics Workshop" funded by Sandals Foundation and Chase Fund. For the past two years, SOS has provided participants with books and other useful stationery.

Run for a Cause

The SOS team participated in three major corporate fundraising projects including Digicel 5K Run for Special Needs, Sagicor Sigma Corporate Run and the Guardsman Games. The team looked forward to these annual events not only for support of the cause but the bonding and fun experienced among participants.

The Guardsman Games was particularly special since SOS has been a longstanding sponsor. In addition to our sponsorship the company was able to raise over $100,000.00 through a secondary in-house sales initiative that was also donated.

Environmental Sustainability

SOS continues to serve our environment through proper waste management and recycling. Operating within the document destruction business and noting increases in cardboard accumulation as the company expands yearly, recycling has become a necessity. At SOS all paper products and cardboard are collected and shipped to various recycling facilities across the world. The company also stands in full support of the ban on single use plastic bags instituted by the Government as it is a key component to waste reduction in Jamaica.

PROJECTS

SOS Ltd. works with government, schools, architects, interior designers, hospitals and a myriad of private sector organizations, including the BPO sector, in Jamaica and across the Caribbean.

Audited Financial Statements

Mair Russell
Grant Thornton

Independent auditor's report

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To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the separate financial statements of Stationery and Office Supplies Limited ("the Company") which comprise the statement of financial position as at December 31, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, 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 for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities 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 (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 judgement; were of most significance in our audit of the financial statements of the current period. The matter was addressed in the context of our audit of financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Allowance for expected credit losses

As at December 31, 2018 trade and other recievables after allowance for expected credit losses of $2,826,825 amounted to $150,241,459 or 18% of the total assets. We consider the measurement of expected credit losses a key audit matter as the determination is based on management judgement and subject to significant uncertainty.

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

Allowance for expected credit losses (cont'd)

The principles for determining expected credit losses are described in the summary of signifant accounting policies. The management of credit risk and the review for impairment have been described in more details in note 28b to the finanacail statements.

How our audit address the key audit matter

Our audit procedures included, amongst others:

To ensure compliance with IFRS 9, we evaluated the techniques and methodologies used by the company in order to assess expected credit losses. In addition, we assessed and validated the inputs used and asumptions applied in detrmining the loss rates which are integral to the provision matrix used in determining the expected credit losses for trade receivables.

Other information

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those charged with governance for the 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.

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

Chartered Accountants
Member of Grant Thornton International Ltd

Mair Russell
Grant Thornton

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

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.

- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

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

Chartered Accountants
Member of Grant Thornton International Ltd

Mair Russell
Grant Thornton

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The Engagement Partner on the audit resulting in this independent auditor's report is Ms. Karen Lewis.

Kingston, Jamaica

Mair Russell Grant Thornton

March 1, 2019 Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31, 2018

	Note	2018 $	2017 $
Assets			
Non-current assets			
Property, plant and equipment	(5)	**389,502,671**	322,495,979
Intangible assets	(6)	**14,553,096**	5,095,397
Investments	(7)	**1,427,016**	1,500,000
		405,482,783	329,091,376
Current assets			
Inventories	(8)	**215,160,638**	158,707,704
Trade and other receivables	(9)	**150,241,459**	130,673,742
Prepayments		**28,982,472**	28,186,844
Taxation recoverable		**841,982**	247,180
Bank and cash	(10)	**52,625,987**	8,297,006
		447,852,538	326,112,476
Total assets		**853,335,321**	655,203,852
Equity and liabilities			
Equity			
Share capital	(11)	**88,151,214**	88,151,214
Capital reserve	(12)	**112,423,398**	112,423,398
Retained profits		**294,024,654**	213,180,070
Total equity		**494,599,266**	413,754,682
Liabilities			
Non-current liabilities			
Borrowings	(13)	**128,063,719**	41,075,921
Other loans	(14)	**52,227,886**	56,814,327
Finance lease	(15)	**205,707**	6,557,005
Deferred tax liability	(16)	**8,799,710**	15,551,925
		189,297,022	119,999,178
Current liabilities			
Bank overdraft	(17)	**3,846,305**	-
Trade and other payables	(18)	**134,943,209**	85,092,897
Owing to Directors	(14)	**685,442**	413,193
Current portion of borrowings	(13)	**20,572,020**	23,252,767
Current portion of other loans	(15)	**3,039,692**	-
Current portion of finance lease		**6,352,365**	12,691,135
		169,439,033	121,449,992
Total liabilities		**358,736,055**	241,449,170
Total equity and liabilities		**853,335,321**	655,203,852

The notes on the accompanying pages 10 to 42 form an integral part of these financial statements.

Approved for issue by the Board of Directors on March 1, 2019 and signed on its behalf by:

______________________) Director
David McDaniel

______________________) Director
Marjorie McDaniel

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

As at December 31, 2018

	Note	2018 $	2017 $
Revenue	(4c)	**1,064,360,671**	906,505,818
Cost of sales		**(559,850,241)**	(483,492,384)
		504,510,430	423,013,434
Other income		**1,123,353**	97,991
Administrative and general expenses		**(294,316,318)**	(236,627,569)
Selling and promotional costs		**(88,627,558)**	(72,259,503)
Impairment loss on financial assets		**(143,176)**	(714,969)
Depreciation, amortisation and impairment		**(24,294,167)**	(22,312,151)
Operating profit		**98,252,564**	91,197,233
Finance income	(19)	**305,734**	420,367
(Loss)/gain on foreign exchange		**(3,144,526)**	208,016
Finance costs	(19)	**(13,931,914)**	(9,483,266)
Gain/(loss) on disposal of property, plant and equipment		**3,499,001**	(60,772)
Profit before tax	(20)	**84,980,859**	82,281,578
Income tax credit	(21)	**6,692,215**	684,867
Profit for the year		**91,673,074**	82,966,445
Total comprehensive income for the year		**91,673,074**	82,966,445
Basic and Diluted Earnings Per Share	(22)	**0.37**	0.38

The notes on the accompanying pages 10 to 42 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

As at December 31, 2018

	Share Capital $	Capital Reserve $	Retained Profits $	Total $
Balance at December 31, 2016	**4,000**	**112,423,398**	**130,213,625**	**242,641,023**
Issue of shares	88,147,214	-	-	88,147,214
Transaction with owners	88,147,214	-	-	88,147,214
Profit for the year being total comprehensive income	-	-	82,966,445	82,966,445
Balance at December 31, 2017	**88,151,214**	**112,423,398**	**213,180,070**	**413,754,682**
Adjustment from the adoption of IFRS 9 (note 3)	-	-	(823,670)	(823,670)
Adjusted balance at December 31, 2017	**88,151,214**	**112,423,398**	**212,356,400**	**412,931,012**
Dividends (23)			(10,004,820)	(10,004,820)
Transaction with owners	-	-	(10,004,820)	(10,004,820)
Profit for the year being total comprehensive income	-	-	91,673,074	91,673,074
Balance at December 31, 2018	**88,151,214**	**112,423,398**	**294,024,654**	**494,599,266**

The notes on the accompanying pages 10 to 42 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

As at December 31, 2018

	Note	**2018 $**	2017 $
Cash flows from operating activities:			
Profit before tax		**84,980,859**	82,281,578
Adjustment for:			
Depreciation, amortisation and impairment	(5 & 6)	**28,342,717**	22,312,151
Loss/(gain) on foreign exchange on foreign currency loans		**1,287,819**	(1,527,675)
(Gain)/loss on disposal of property, plant and equipment		**(3,499,001)**	60,772
Loss on financial assets recognised in profit or loss		**17,377**	-
Interest income		**(305,734)**	(420,367)
Interest expense	(19)	**13,914,537**	9,483,266
		124,738,574	112,189,725
Increase in inventories		**(56,452,934)**	(39,876,609)
Increase in trade and other receivables		**(20,391,387)**	(43,173,685)
Increase in prepayments		**(795,628)**	(7,186,886)
Increase in trade and other payables		**49,850,312**	5,924,047
Increase/(decrease) in owing to Directors		**272,249**	(1,059,127)
Cash generated from operations		**97,221,186**	26,817,465
Interest paid		**(13,914,537)**	(9,483,266)
Income taxes paid		**(649,179)**	(14,915,089)
Net cash provided by operating activities		**82,657,470**	2,419,110
Cash flows from investing activities:			
Interest received (net of withholding tax)		**300,111**	420,109
Purchase of property, plant and equipment		**(100,073,107)**	(97,738,773)
Proceeds from disposal of property, plant and equipment		**9,090,000**	-
Purchase of shares		**(1,247,001)**	(1,500,000)
Proceeds from disposal of shares		**1,302,608**	-
Purchase of intangible asset	(6)	**(10,325,000)**	-
Net cash used in investing activities		**(100,952,389)**	(98,818,664)
Cash flows from financing activities			
Issues of shares		**-**	88,147,214
Dividends paid		**(10,004,820)**	-
Proceeds from borrowings		**115,395,000**	55,540,001
Proceeds from finance lease		**-**	3,152,700
Repayment of borrowings		**(31,087,949)**	(29,647,266)
Repayment of other loans		**(2,834,568)**	(4,117,043)
Repayment of finance lease		**(12,690,068)**	(12,925,131)
Net cash provided by financing activities		**58,777,595**	100,150,475
Net increase in cash and cash equivalents		**40,482,676**	3,750,921
Cash and cash equivalents at beginning of year		**8,297,006**	4,546,085
Cash and cash equivalents at end of year	(10)	**48,779,682**	8,297,006

The notes on the accompanying pages 10 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2018

1. General information and nature of operation

Stationery and Office Supplies Limited is a limited liability company incorporated under the Laws of Jamaica on July 23, 1965. The company is domiciled in Jamaica with registered offices located at 23 Beechwood Avenue, Kingston 5, Jamaica, West Indies.

The main activity of the company is the sale of office furniture, fixtures, stationery and other office supplies and the manufacture and sale of books.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange on August 10, 2017.

At the reporting date, Outlook Limited, a company incorporated in St. Lucia, and its directors controlled the company by virtue of their direct holding of 80% of the issued shares of the company.

2. Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and have been prepared on the accruals basis and under the historical cost convention as modified by the revaluation of properties and investments.

3. Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after January 1, 2018

Certain new and amended standards and interpretations to existing standards have been published and became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and determined that the following will have an impact on the company.

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments' Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the company has applied transitional relief and opted not to restate prior periods.

The adoption of IFRS 9 has impacted the following areas:

– investment in quoted equity securities previously calssified as available-for-sale (AFS) investements under IAS 39 are now measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest.

  The company did not elect to irrevocably designate any of the equity investment at fair value with changes presented in other comprehensive income. The change in classification did not have an impact on the opening statement of financial position as at January 1, 2018.

– The impairment of financial assets (trade and other receivables) did not have a material impact on the opening statement of financial position as at January 1, 2018.

On the date of initial application, January 1, 2018, the financial instruments of the company were reclassifified as follows:

	Measurement Category		Carrying Amount		
	Original (IAS 39) Category	New IFRS 9 Category	Closing Balance December 31, 2017 (IAS 39)	Adoption of (IFRS 9)	Opening Balance January 1, 2018 (IFRS 9)
Non-current financial assets:					
Quoted equity securities	Available- for- sale	FVTPL	745,028	-	745,028
Cash	Loans and receivables	Amortised cost	754,972	-	754,972
			1,500,000	-	1,500,000
Current financial assets:					
Trade and other receivables	Loans and receivables	Amortised cost	130,673,742	(823,670)	129,850,072
Bank and cash	Loans and receivables	Amortised cost	8,297,006	-	8,297,006
Total financial assets balances			**138,970,748**	**(823,670)**	**138,147,078**

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at January 1, 2018

	IAS 39 carrying amount December 31, 2017	Reclassification	Remeasurement	IFRS 9 carrying amount January 1, 2018	Retained earnings effect
	$	$	$	$	$
Fair value through profit or loss					
From available for sale	-	745,028	-	745,028	-
Total change to fair value through profit or loss	**-**	**745,028**	**-**	**745,028**	**-**
Available for sale financial assets	745,028	(745,028)	-	-	-
Amortised cost	130,673,742	-	(823,670)	129,850,072	(823,670)
Total financial assets balances, reclassification and remeasurement	**132,173,742**	**-**	**(823,670)**	**129,850,072**	**(823,670)**

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 replaces IAS 18 'Revenue', IAS 11 – 'Construction Contracts', and several revenue related interpretations. IFRIC 15 defines a comprehensive framework for determining when and to what extent revenue can be recognised. In accordance with IFRS 15, an entity shall recognise revenue as a monetary amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services in question.

According to the standard, revenue must be allocated to performance obligations based on relative transaction prices. A performance obligation is defined as a promise to transfer goods and/or services to customers. The revenue recognition takes place over time or at a point in time, with the transfer of control as the key criterion. The company's revenue stream, consists of the sale of office furniture, fixtures, stationery and other office supplies and the manufacture and sale of books. In the sale of these goods, control of the goods is transferred when the physical possession of the product has been transferred to the customer, which typically occurs at delivery. Application of the standard did not have an impact on the revenue or results of the company.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
IFRIC 22 (effective for annual periods beginning on or after January 2, 2018). The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income on the derecognition of non-monetary asset or non-monetary liability relating to advance consideration, the date of transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. The entity must determine the transaction date for each payment or receipt of advance consideration, if there are multiple payments or receipts in advance. The adoption of this interpretation had no impact on the company's financial statements.

Standards, amendments and interpretations issued but not yet effective and have not been adopted early by the company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been early adopted by the company. Information on those expected to be relevant to the company's financial statements are provided below.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement.

New standards, amendments and interpretations not early adopted or listed below have not been disclosed as they are not expeted to have a material impact o the company's financial statements.

IFRS 16 'Leases'
IFRS 16 Leases', (effective for annual periods beginning on or after January 1, 2019). In January 2017, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees applicable to certain short-term leases and leases of low-value assets. The company is assessing the impact of future adoption of the measurements on its financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatement'
IFRIC 23 (effective for annual periods beginning on or after January 1, 2019). The IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes' are applied where there is uncertainty over income tax treatments. The IFRIC (IFRIC 23) explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. The company is currently assessing the impact that the interpretation will have on its 2019 financial statements.

Amendments to IFRS 9, Financial Instruments', on prepayment features with negative compensation
Amendments to IFRS 9 (effective for annual period beginning on or after January 1, 2019). This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be reocgnised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39.

The adoption of this standard is not expected to have an impact on the Company.

Annual improvement 2015-2017
Annual improvement 2015-2017 (effective for annual period beginning on or after January 1, 2019). These amendments include minor changes to:

- IFRS 3, 'Business combinations', - a company remeasures its previously held interest in a joint operation when it obtains control of the business.
- IFRS 11 'Joint arrangements', - a company does not remeasure its previously held interest in a Joint operation when it obtains Joint control of the business.
- IAS 12, 'Income taxes' a company accounts for all income tax consequences of dividend payments in the same way.
- IAS 23 'Borrowing costs' - a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The adoption of these standards are not expected to have a significant impact on the Company.

4. Summary of significant accounting policies

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below:

a Property, plant and equipment

(i) Property, plant and equipment are carried at revalued amounts or cost less accumulated depreciation and impairment (Note 4j). Cost includes any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the company's management.

(ii) Land and buildings are carried at revalued amounts being the market value and are performed once every three to five (3 – 5) years, unless market factors indicate a material change in fair value. Any revaluation surplus is recognized in other comprehensive income and credited to capital reserve in equity, unless the carrying amount of that asset has previously suffered a revaluation decrease or impairment loss. To the extent that any decrease has previously been recognized in other comprehensive income, a revaluation increase is credited to profit or loss with the remaining part of the increase recognized in other comprehensive income.

Downward revaluations of land and buildings are recognized upon revaluation or impairment testing, with the decrease being charged to other comprehensive income to the extent of any surplus in equity relating to this asset and any remaining decrease recognized in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(iii) Depreciation is charged on assets in the month after the date of acquisition.

Depreciation is provided on the straight line basis at such rates as will write off the cost of the various assets over the period of their expected useful lives. The useful lives approximate to fifty (50) years for building, twenty-five (25) years for roadway, ten (10) years for machinery, equipment and storage container, computer equipment, furniture and fixtures, five (5) years for motor vehicles and eight (8) years for solar system equipment.

Leasehold improvements are being amortised over five (5) years.

Land is not depreciated.

(iv) Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(v) Repairs and renewals

The cost of repairs and renewals which do not enhance the value of the existing assets are written off to the profit or loss as they are incurred.

b Inventories

Inventories are stated at the lower of cost, determined on a first in first out (FIFO) basis, and net realisable value. Net realisable value is estimated selling price in the ordinary course of business less estimated costs of completion and any applicable selling expenses.

Cost of finished goods and work-in-progress includes raw materials and labour as well as suitable portions of related production overheads, based on normally operating capacity.

Cost of other inventories comprising raw materials and finished foods (merchandise) comprise of their cost and expenses incurred in acquired and bringing them to their existing location and condition.

c Revenue recognition

Revenue comprises sales to customers and other income. Sales represent the invoiced value of goods to customers net of General Consumption Tax.

Revenue from the sale of goods is recognised at a point in time when the control of the asset is transferred to the customer. Control of the goods is transferred when the physical possession of the good has been transferred to the customer which typically occurs at delivery.

d Foreign currency translation

Functional and presentation currency

The financial statements are prepared and presented in Jamaican Dollars, which is the functional currency of the company. Except where otherwise stated, these financial statements are expressed in Jamaican Dollars.

Foreign currency translations and balances

(i) Foreign currency balances at the end of the reporting period have been translated at rates of exchange ruling at that date.

(ii) Transactions in foreign currency are converted at rates of exchange ruling at the dates of those transactions.

(iii) Gains/losses arising from fluctuations in exchange rates are included in profit or loss.

e Cash and cash equivalents

Cash and cash equivalents consist of current and savings accounts, held with licensed financial institutions and cash on hand maintained by the company.

f Income tax

Income tax on profit or loss for the year comprises current and deferred tax.

When applicable, current tax is calculated on taxable profits at current tax rates.

Current tax is the expected tax payable on the taxable income for the year, using tax values enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous year.

Deferred tax is accounted for using liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for taxable differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged to profit or loss, except when it is related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

g Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the company does not have any financial assets categorised as FVOCI.

The classification is determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. The company's quoted equity securities fall into this category.

The company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in quoted equity securities at fair value through other comprehensive income (FVOCI).

In the current financial year, the fair value is determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)
The company accounts for financial assets at FVOCI if the assets meet the following conditions:
- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset. None of the company's financial assets fall into this category.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods)
AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables).

The company's AFS financial assets include quoted equity securities, All AFS financial assets were measured at fair value. Gains and losses if any, were recognised in other comprehensive income and reported within the AFS reserve within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss.

When the asset was disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from the equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

Impairment of financial assets
IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the company first identifying a credit loss event. Instead the company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

The company applies the simplified approach for trade receivables which is permitted by IFRS 9. The simplified approach requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL.

The company established a provision matrix based on historical credit losses adjusted to relflect forward looking macro economic factors affecting the customers ability to settle the amount outstanding.

Previous financial asset impairment under IAS 39
In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counterparty will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rates for each identified group.

Trade and other receivables
The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due. Refer to Note 28b for a detailed analysis of how the impairment requirements of IFRS 9 are applied.

Classification and measurement of financial liabilities
As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

h Owing to Directors

Amounts owing to Directors are carried at amortised cost.

i Borrowings

Borrowings comprise loans and capital lease obligations and are classified as financial liabilities measured at amortised cost and are recognised initially at fair value, being their issued proceeds net of transaction costs incurred.

Subsequently, borrowings are measured at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit or loss account over the period of the borrowings using the effective interest method. Interest charges are recognised in profit or loss in the period in which they occur.

j Impairment

The company's property, plant and equipment and intangible assets are subject to impairment testing.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets or cash-generating units carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value in use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

k Intangible assets

Initial recognition

Computer software is capitalised on the basis of the costs incurred to acquire and install the specific software.

Brand name

Brand name acquired are recognised as an intangible asset at its fair value.

Subsequent measurement

All finite-lined intangible assets, are accounted for using the cost model whereby capitalised costs are amortised in a straight line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reportig date. In addition they are subject to impairment testing as described in Note 4j. The useful lives applied are ten (10) years for computer software and twenty (20) years for brand name.

Amortisation has been included within depreciation, amortisation and impairment of non-financail assets.

Subsequent expenditures on the maintenance of computer software and brand name are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or expenses.

l Leases

Finance leases

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any, to be borne by the lessee.

A corresponding amount is recognised as a finance lease liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Subsequent accounting for assets held under finance lease agreements, that is, depreciation methods and useful lives, correspond to those applied to comparable acquired assets. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are charged to proit or loss as finance costs.

Finance charges represent a constant periodic rate of interest on the outstanding balance of the finance lease liability and are charged to profit or loss as finance costs or the term of lease if shorter.

Operating leases

All other leases are treated as operating leases. Where the company is a lessee, payments on operating lease arrangements are recognised as an expense on a straight line basis over the lease term. Associated costs such as maintenance are expensed as incurred.

m Equity

Share capital is determined using the proceeds received for the shares that have been issued.

Capital reserve represents gains and losses arising from the revaluation of land and buildings.

Retained profits include all current and prior period results as disclosed in profit or loss.

All transactions with owners of the parent are recorded separately within equity.

Dividends are recognized in the period in which they are declared.

n Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

o Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements.

These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from these estimates and assumptions.

There were no critical judgements, apart from those involving estimation, that management has made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Depreciation of property, plant and equipment

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of the estimated useful lives and the expected residual values of the assets requires the use of estimates and judgements. Details of the estimated useful lives are as shown in Note 4(a).

(ii) Taxation

The company is required to estimate income tax payable to the Commissioner General of Tax Administration Jamaica on any profit derived from operations. (Note 21). This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments.

These temporary differences result in deferred tax assets or liabilities which are included in the statement of financial position. Deferred tax assets and liabilities are measured using the enacted tax rate at the end of the reporting period.

If the tax eventually payable or recoverable differs from the amounts originally estimated then the difference will be accounted for in the accounts in the year such determination is made.

(iii) Impairment

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the valuation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of the recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

(iv) In detemining amounts recorded from impairment of trade receivables, the company applies a simplified approach in calculating expected credit losses. The company recognises a loss allowance based on 12 months expected credit losses at each reporting period date and has established a provision matrix based on its historical credit loss experience and adjusted for forward looking microeconomic factors affecting the customers ability to settle the amount outstanding.

p Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the company and they can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, legal disputes or onerous contracts.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at reporting date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material.

All provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position.

Probable inflows of economic benefits to the company that do not yet meet the recognition criteria of an asset are considered contingent assets.

q Operating segments

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Chief Operating Decision Makers to make decisions about resources to be allocated to the segments and assess its performance.

The company has three operating segments, books, furniture and stationery and other supplies.

r Comparative information

Certain previous year figures have been restated to conform to current year's presentation.

5. Property, plant and equipment comprise:

The carrying amounts for property, plant and equipment for the years included in these financial statements as at December 31, 2018 can be analysed as follows:

	Freehold Land $	Buildings $	Roadway $	Leasehold improvements $	Motor Vehicles $	Computer Equipment $	Other Equipment $	Solar Equipment $	Total $
Gross carrying amount									
Balance at January 1, 2018	100,000,000	160,394,126	2,062,400	7,234,615	83,200,292	10,997,002	21,765,533	14,600,678	400,254,646
Additions	-	8,219,040	-	-	34,000,000	1,695,108	56,158,959	-	100,073,107
Disposals	-	-	-	-	(14,395,735)	-	-	-	(14,395,735)
Balance at December 31, 2018	100,000,000	168,613,166	2,062,400	7,234,615	102,804,557	12,692,110	77,924,492	14,600,678	485,932,018
Depreciation									
Balance at January 1, 2018	-	(3,841,596)	(61,872)	(7,234,614)	(40,787,489)	(8,233,926)	(12,123,914)	(5,475,256)	(77,758,667)
Depreciation and impairment	-	(3,100,456)	(82,496)	-	(15,806,574)	(1,216,945)	(5,443,860)	(1,825,085)	(27,475,416)
Disposals	-	-	-	-	8,804,736	-	-	-	8,804,736
Balance at December 31, 2018	-	(6,942,052)	(144,368)	(7,234,614)	(47,789,327)	(9,450,871)	(17,567,774)	(7,300,341)	(96,429,347)
Carrying amount at December 31, 2018	**100,000,000**	**161,671,114**	**1,918,032**	**1**	**55,015,230**	**3,241,239**	**60,356,718**	**7,300,337**	**389,502,671**

(i) Included in the above are motor vehicles with gross carrying amounts totaling $16,842,047 (2017 -$23,750,884), which were acquired under finance lease arrangements (Note 15).

(ii) Land and buildings located at 34 Collins Green Avenue, St. Andrew, were revalued by independent valuators D.C. Tavares & Finson Realty Ltd. in November 2017. The resulting decrease in valuation has been debited to the statement of profit or loss.

(iii) Under the cost model, the carrying amount of revalued land and buildings at 21, 23 and 25 Beechwood Avenue, Kingston 5 and 34 Collins Green Avenue, St. Andrew at reporting date would be $95,994,739 (2017 - $84,232,901).

(iv) Land and buildings have been pledged as security for the company's borrowings (Note 13).

5. Property, plant and equipment comprise (Cont'd):

	Freehold Land $	Buildings $	Roadway $	Leasehold improvements $	Motor Vehicles $	Computer Equipment $	Other Equipment $	Solar Equipment $	Total $
Gross carrying amount									
Balance at January 1, 2017	75,000,000	117,000,000	-	7,234,615	73,304,335	9,997,915	18,630,198	14,600,678	315,767,741
Additions	25,000,000	43,394,126	2,062,400	-	23,147,825	999,087	3,135,335	-	97,738,773
Disposals	-	-	-	-	(13,251,868)	-	-	-	(13,251,868)
Balance at December 31, 2017	100,000,000	160,394,126	2,062,400	7,234,615	83,200,292	10,997,002	21,765,533	14,600,678	400,254,646
Depreciation									
Balance at January 1, 2017	-	-	-	(7,234,614)	(40,862,736)	(7,209,123)	(10,247,124)	(3,650,170)	(69,203,767)
Depreciation and impairment	-	(3,841,596)	(61,872)	-	(13,115,849)	(1,024,803)	(1,876,790)	(1,825,086)	(21,745,996)
Disposals	-	-	-	-	13,191,096	-	-	-	13,191,096
Balance at December 31, 2017	-	(3,841,596)	(61,872)	(7,234,614)	(40,787,489)	(8,233,926)	(12,123,914)	(5,475,256)	(77,758,667)
Carrying amount at December 31, 2017	**100,000,000**	**156,552,530**	**2,000,528**	**1**	**42,412,803**	**2,763,076**	**9,641,619**	**9,125,422**	**322,495,979**

6. Intangible assets

Details of intangible assets and their carrying amounts are as follows:

	Acquired Software $	Brand Name $	Total $
Gross carrying amount			
Balance at January 1, 2018	5,661,552	-	5,661,552
Seperately acquired	-	10,325,000	10,325,000
Balance at December 31, 2018	**5,661,552**	**10,325,000**	**15,986,552**
Amortisation			
Balance at January 1, 2018	(566,155)	-	(566,155)
Charge for the year	(566,155)	(301,146)	(867,301)
Balance at December 31, 2018	**(1,132,310)**	**(301,146)**	**(1,433,456)**
Carrying amount at December 31, 2018	**4,529,242**	**10,023,854**	**14,553,096**

	Acquired Software $	Total $
Gross carrying amount		
Balance at January 1, 2017	5,661,552	5,661,552
Addition	-	-
Balance at December 31, 2017	**5,661,552**	**5,661,552**
Amortisation		
Balance at January 1, 2017	-	-
Charge for the year	(566,155)	(566,155)
Balance at December 31, 2017	**(566,155)**	**(566,155)**
Carrying amount at December 31, 2017	**5,095,397**	**5,095,397**

7. Investments

The company accounted for its equity securities at FVTPL and did not make the irrecoverable election to account for it at FVOCI.

	December 31, 2018 $
Quoted equity securities	**1,427,016**
	1,427,016

	December 31, 2017 $
Available-for-sale investment:	
Quoted equity securities	745,028
Loans and receivables	
Cash	754,972
	1,500,000

8. Inventories

	2018 $	2017 $
Finished goods	**173,659,555**	142,085,621
Work-in-progress	**653,786**	-
Raw materials	**13,103,359**	-
Goods in transit	**27,743,938**	16,622,083
Total	**215,160,638**	158,707,704

The cost of inventories recognised as an expense during the year was $559,850,241 (2017 - $483,850,241). This includes $218,997 in respect of items written down to net realisable value.

9. Trade and other receivables

	2018 $	2017 $
Trade	**151,328,979**	128,443,162
Less: Allowance for expected credit loss	**(2,826,825)**	(1,969,888)
	148,502,154	126,473,274
Staff loans	**565,516**	571,975
Other receivable	**1,173,789**	3,628,493
Total	**150,241,459**	130,673,742

All amounts are short-term and the carrying value is considered a reasonable approximation of fair value.

The age of trade receivables and other receivables past due but not impaired is as follows

	2018 $	2017 $
Not more than 3 months	**129,633,714**	103,061,273
More than 3 months but not more than I year	**18,868,440**	24,878,385
Total	**148,502,154**	127,939,658

10. Cash and cash equivalents

	2018 $	2017 $
Cash and bank balances:		
J$ savings account	**33,686,278**	4,649,643
J$ current accounts	**16,256,003**	3,222,641
US$ current account	**2,353,101**	169,724
Short-term investment	**55,607**	-
Cash in hand	**274,998**	254,998
Total cash at bank and in hand	**52,625,987**	8,297,006
Less: bank overdraft (Note 17)	**3,846,305**	-
Total cash and cash equivalents	**48,779,682**	8,297,006

11. Share capital

	2018 $	2017 $
Authorised:		
500,000,000 ordinary shares (2017 - 2000)		
Issued:		
250,120,500 ordinary shares (2017 - 2000)		
Stated capital		
Issued and fully paid:		
Balance at beginning of the year	**88,151,214**	4,000
Transactions during year:		
Shares issued	**-**	96,786,600
Less: Transaction cost of share issue	**-**	(8,639,386)
	-	88,147,214
Balance at end of the year	**88,151,214**	8,151,214

Following a Directors meeting and a General Meeting of the company on March 29, 2017, the following steps were approved by written resolution with respect to the capital structure of the company:

a. The increase in the authorised share capital of the company by 9,998,000 ordinary shares from 2,000 ordinary shares to 10,000,000 ordinary shares.

b. The sub-division of each of the 10,000,000 shares into 50 shares each with no par value (in accordance with the Articles of Incorporation and the Act). Therefore, the company's authorised share capital increased from 10,000,000 ordinary shares to 500,000,000, and the issued ordinary shares increased from 2,000 to 200,096,400.

c. The remaining 50,024,100 shares were offered to the general public and/or Reserve Share applicants in the invitation.

d. The adoption of new Articles of Incorporation in a form suitable for a public company.

e. The re-registration of the company as a public company under the provisions of the Jamaican Companies Act, 2004.

On August 10, 2017, the company issued 50,024,100 shares to the public and the shares were listed on the Junior Stock Market of the Jamaica Stock Exchange. (See Note 1).

12. Capital reserve

	2018 $	2017 $
Balance at January 1	**112,423,398**	112,423,398
Balance at December 31	**112,423,398**	112,423,398

13. Borrowings

	2018 $	2017 $
Loans –		
(a) MF&G Trust & Finance Limited	**21,110,183**	13,160,027
(b) JN Fund Managers Ltd.	**112,252,355**	36,351,475
(c) Seramco Limited Superannuation Fund	**1,944,135**	9,226,775
(d) The Seramco Limited Staff Pension Fund (2015)	**3,329,066**	5,590,411
(e) Other loan	**10,000,000**	-
	148,635,739	64,328,688
Less: Current portion	**(20,572,020)**	(23,252,767)
Total	**128,063,719**	41,075,921

(a) i These loans bear interest at a rate of ten point five percent (10.5%) per annum, subject to change depending on market conditions or determined by the Trustees. The loans matured in December 2018 and were secured by:

- first and second legal mortgage over property registered at Volume 1224 Folio 830 of the Register Book of Titles.
- first and second legal mortgage over registered property at Volume 1422 Folio 264 of the Register Books of Titles.
- assignment of Comprehensive Fire and Peril Insurance for value on real estate with the Bank's interest noted.
- personal guarantee of Directors: David McDaniel and Marjorie McDaniel.
- 2017 Subaru XV Crossover motor car and 2017 Ford Ranger D/cab pick-up.

These loans were repaid during the year.

ii A loan of $14.9 million was received March 2018 towards the purchase of motor vehicles. The loan is to be repaid over thirty-six(36) monthly payments and matures February 2021. Interest is charged at a rate of eight point five percent (8.5%) per annum which is subject to change from time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over two (2) 2017 Ford Everest motor cars comprehensively insured with interest duly noted for value of EMV $7.45million each.
- Personal Gaurantee of Directors David McDaniel and Marjorie McDaniel.
- Prommissory Note signed by Stationery and Office Supplies Limited for $14.9 million.

iii A loan of $6.5 million was received July 2018 to purchase motor vehicles. The loan is to be repaid over thirty-six(36) monthly payments and matures June 2021. Internet is charges at a rate of eight point five percent (8.5%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2016 Toyota Land Cruiser Prado comprehensively insured with interest duly noted for value of EMV $8.2 million PSV $6.69 million.
- Personal Gaurantee of Directors David McDaniel and Marjorie McDaniel.
- Prommissory Note signed by Stationery and Office Supplies Limited for $6.5 million.

iv A loan of $3.995 million was received October 2018 to purchase motor vehicles. The loan is to be repaid over thirty-six(36) monthly payments and matures September 2021. Internet is charges at a rate of eight point five percent (8.5%) per annum which is subject to change from time to time depending on money market conditions.

The loan is secured by:

- Chattel Mortgage over one (1) 2019 Szuki APV Panel Van comprehensively insured with interest duly noted for value.
-
- Personal Gaurantee of Directors David McDaniel and Marjorie McDaniel.
- Prommissory Note signed by Stationery and Office Supplies Limited for $3.9995 million.

(b) i A loan of $37million was received October 2017 towards the purchase of property and is to be repaid over a period of eighty-four (84) months. Interest is at a rate of eight point five percent (8.5%) per annum, subject to change depending on market conditions with repayment commencing thirty (30) days following the date on which the loan was disbursed.

The loan is secured by:

- First legal mortgage over the Duplicate Certificate of Title to commercial property at 23 Beechwood Avenue, Kingston 5.
- Assignment of all Risk Peril Insurance, to the order of JN Fund Managers Limited, over the 10,958 square feet office building at 23 Beechwood Avenue, Kingston 5 for its full replacement cost minimum interest cover ratio 2:1.

ii A bond of $80M was received April 2018 towards the purchase of equipment and the SEEK brand. The bond is to be repaid over six (6) years and bears interest at a rate of eight percent (8%) per annum. There will be a two year moratorium on principal repayment from April 25, 2018 through April 25, 2020.

The bond is secured by:

- Real estate property located at 34 Collins Green Avenue, with last valuation of J$63,000,000.
- Floating charge over the equivalent of J$85,000,000 of the company's receivables at 33% LTV ratio.
- The LTV of the collectoral package will be tested on an annual basis and should be maintained at aforementioned LTV levels.
- In lieu of receivables, the company can opt. to use cash in debt service reserve account at a LTV of 100%.

(c) This represents a loan of $11.545 million which bears interest at a rate of eight point five percent (8.5%) per annum. The interest rate is subject to change from time to time depending on money market conditions. Repayment will be for a period of thirty-six (36) months commencing one month after the disbursement date.

The loan is secured by:

- Chattel Mortgage over 2017 Subaru XV Crossover. Comprehensively secured with interest duly noted for values of EMV $6.995 million and EMV $4.55 million respectively.

- Personal Guarantee of Directors David McDaniel and Marjorie McDaniel.

- Promissory Note signed by Stationery and Office Supplies Limited for $11,545,000.

(d) This represents a loan of $6.995 million at an interest rate of eight point five percent (8.5%) per annum which is subject to change from time to time depending on money market conditions. Repayment will be for a period of thirty six (36) months commencing one month after the disbursement date.

The loan is secured by:

- Chattel mortgage over 2016 Toyota Fortuner.
- Personal Guarantee of Directors David McDaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $11.545 million.

(d) This represent a loan of $10 million with no interest repayment. Repayment of $5 million is due after the expiration of twelve (12) months and the next $5 million due after the expiration of twenty-four (24) months accruing from the effective date of May 1, 2018.

14. (i) Other loans

	2018	2017
	$	$
Loan: (a)	**36,110,148**	38,064,327
(b)	**19,157,430**	18,750,000
	55,267,578	56,814,327
Less: current portion	**3,039,692**	-
Total	**52,227,886**	56,814,327

(a) As of March 2018, this loan attracted interest of five point five percent (5.5%) per annum and is repayable on a quarterly basis.

(b) The loan was received on September 1, 2015 for a period of six (6) years with a moratorium on principal payments for the first four (4) years. Interest is fixed at a rate of nine percent (9%) per annum and is payable on a quarterly basis. Effective June 2018 interest payments became due biannually and the rate of interest reduced from nine percent (9%) to six percent (6%) per annum.

(ii) Owing to Directors

	2018	2017
	$	$
Advances	**685,442**	413,193
Total	**685,442**	413,193

These amounts are unsecured, interest free and have no fixed repayment terms (Note 24(ii)).

15. Finance lease

	2018 $	2017 $
Finance lease	**6,558,072**	19,248,140
Less: Current portion	**(6,352,365)**	(12,691,135)
Total	**205,707**	6,557,005

The company entered into finance lease arrangements with MF & G Trust & Finance Limited and The Trustees of Seramco Limited Superannuation Fund for the acquisition of certain motor vehicles which are included in property, plant and equipment (Note 5) and computer software which is included in intangible asset (Note 6).

i Future minimum lease payments at December 31, 2018 are as follows:

	Due Within One Year $	Due Within Two to Five Years $	Total $
Lease payments	**6,755,120**	**208,732**	**6,963,852**
Less: Finance charge	**(402,755)**	**(3,025)**	**(405,780)**
	6,352,365	**205,707**	**6,558,072**
Less: Current portion	**(6,352,365)**	**-**	**(6,352,365)**
Total	**-**	**205,707**	**205,707**

ii Future minimum lease payments at December 31, 2017 are as follows:

	Due Within One Year $	Due Within Two to Five Years $	Total $
Lease payments	14,363,098	6,962,785	21,325,883
Less: Finance charge	(1,671,963)	(405,780)	(2,077,743)
	12,691,135	6,557,005	19,248,140
Less: Current portion	(12,691,135)	-	(12,691,135)
Total	-	6,557,005	6,557,005

iii Operating leases as lessee

The company leases an office, warehouse and storage buildings under operating leases. The future minimum lease payments are as follows:

	Minimum lease payments due within 1 year US$	1 to 5 years US$	Total US$
December 31, 2018	**47,774**	**-**	**47,774**
December 31, 2017	47,774	-	47,774

The lease agreement expired on December 31, 2015. The company has an option to renew, however, at the reporting date the documentation to give effect to the terms of the new lease agreement had not been finalised.

16. Deferred tax liability

Deferred tax is calculated on all temporary differences under the liability method using a tax rate of 12.5%, (2017 - 12.5%). The movement on the deferred tax account is as follows:

	2018 $	2017 $
Balance at beginning of year	**(15,551,925)**	(24,805,419)
Deferred tax credit	**6,752,215**	9,253,494
Balance at end of year	**(8,799,710)**	(15,551,925)

Deferred tax balance arose on temporary differences in respect of the following:

	2018 $	2017 $
Deferred tax liability on:		
Property, plant and equipment	**(8,799,710)**	(13,936,283)
Lease obligation	**-**	(1,615,642)
Deferred tax liability	**(8,799,710)**	(15,551,925)

17. Bank overdraft

The company does not have a bank overdraft facility. The amount represents uncleared cheques at the end of the year (Note 10).

18. Trade and other payables

	2018 $	2017 $
Trade	**24,928,397**	26,306,120
Customer deposits	**57,334,528**	34,724,929
Statutory deductions	**9,308,059**	5,526,224
Accruals	**2,663,410**	2,882,621
Other	**40,708,815**	15,653,003
Total	**134,943,209**	85,092,897

19. Finance income and finance cost

Finance income includes all income from short – term deposits and cash at bank:

	2018 $	2017 $
Interest income	**305,734**	420,367
Total finance income	**305,734**	420,367

Finance costs for the years presented comprise:

	2018 $	2017 $
Interest expense for borrowings at amortised cost	**12,528,201**	6,622,501
Fair value loss on financial assets	**17,377**	-
Interest on finance lease	**1,386,336**	2,860,765
Total finance costs	**13,931,914**	9,483,266

20. Profit before tax

Profit before tax is stated after charging/ (crediting):

	2018 $	2017 $
Depreciation, amortisation and impairment	**28,342,717**	22,312,151
Directors' emoluments –		
Management remuneration	**56,298,502**	45,740,080
Auditor's remuneration	**1,748,250**	1,665,000
Interest expense	**13,914,537**	9,483,266
Interest income	**(305,734)**	(420,367)
Loss/(gain) on foreign exchange	**3,144,526**	(208,016)
(Gain)/loss on disposal of property, plant and equipment	**(3,499,001)**	60,772

21. Income tax

The company's shares were listed on the Jamaica Stock Exchange Junior Market (JSE Junior Market) on August 10, 2017. As a result, the company is entitled to a remission of taxes for an allowable period not exceeding ten (10) years from the date of the listing on the JSE Junior Market, provided the shares remain listed for at least fifteen (15) years. The remissions of taxes are applicable as follows:

Years 1 to 5	100%
Years 6 to 10	50%

The financial statements have been prepared on the basis that the company will have the full benefit of the tax remissions. However, the Minister of Finance amended the Income Tax Act requiring all companies, with the exception of charities and individuals with gross revenue below $5 million and companies incorporated under the Companies Act for not more than twenty-four months, to pay a Minimum Business Tax of $60,000.

i Income tax based on profit for the year, adjusted for tax purposes and computed at the tax rate of 25% comprise:

	2018 $	2017 $
Minimum Business Tax	**60,000**	-
Current charge	**-**	8,568,627
Deferred tax expense (note 16)	**(6,752,215)**	(9,253,494)
Total	**(6,692,215)**	(684,867)

ii Reconciliation of theoretical tax expenses to effective tax expenses:

	2018 $	2017 $
Profit before tax	**84,980,859**	82,281,578
Tax at the applicable tax rate of 25%.	**21,245,215**	20,570,395
Minimum Business Tax	**60,000**	60,000
Employment Tax Credit	**-**	(3,627,229)
Tax effect of expenses not deductible for tax purposes	**794,194**	5,798,521
Tax effect of other charges and allowances	**(8,026,495)**	(14,626,838)
Remission of tax	**(20,765,129)**	(8,739,717)
Income tax for the year	**(6,692,215)**	(684,867)

22. Basic and diluted earnings per share

Basic and diluted earnings per share are both calculated using the profit attributed to equity shareholders as the numerator:

	2018 $	2017 $
Profit attributable to shareholders	**91,673,074**	82,966,445
Weighted average number of ordinary shares	**250,120,500**	219,748,725
Basic and diluted earnings per share	**0.37**	0.38

23. Dividends

During the year the company paid final dividends for the financial year 2017 of $10,004 820 to its equity sharehjolders. This represents a payment of $0.04 per shares.

24. Segment reporting

Segment information for the reporting period are as follows:

	Books $	Furniture $	Stationery and Others $	Total $
Revenue	34,782,783	697,567,096	332,010,792	1,064,360,671
Less: Cost of sales	49,678,640	374,967,939	143,625,169	568,271,748
Gross profit	**(6,474,350)**	**322,599,157**	**188,385,623**	**504,510,430**

25. Related party balances

i A party is related to the company if:

a Directly, or indirectly through one or more intermediaries, the party:

- Is controlled by, or is under common control with the entity;
- Has an interest in the company that gives it significant influence over the entity; or
- Has joint control over the company.

b The party is an associate;

c The party is a joint venture in which the company is a venturer;

d The party is a member of the key management personnel of the entity or its parent;

e The party is a close member of the family of any individual referred to in (a) or (d);

f The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

g The party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

ii At the end of the reporting period trade and non-trade balances with related parties were as follows:

	2018 $	2017 $
Other loans (Note 14)	**55,267,278**	56,814,327
Owing to Directors (See Note 14)	**685,442**	413,193
	55,953,020	57,227,520

iii Transactions with key management personnel

	2018 $	2017 $
Short-term employee benefits – Management remuneration	**56,298,502**	45,740,080
Total	**56,298,502**	45,740,080

26. Expenses by nature

Total direct, administrative and other overhead expenses:

	2018 $	2017 $
Cost of inventories recognised as an expense	**559,850,241**	483,492,384
Administrative and general expenses		
Directors' remuneration	**56,298,502**	41,438,416
Directors' fees	**-**	4,301,664
Employee benefits (Note 27)	**155,032,338**	131,625,010
Rent	**6,062,867**	6,017,620
Utilities	**5,767,309**	4,768,118
Auditor's remuneration	**1,748,250**	1,665,000
Motor vehicle expense	**18,388,987**	15,138,504
Repairs and maintenance	**22,394,309**	15,483,543
Legal and professional fees	**5,943,335**	1,554,892
Asset declaration and annual return fees	**200,000**	200,000
Security	**2,611,109**	1,930,712
Insurance	**3,808,914**	3,248,106
Donations and subscriptions	**828,367**	964,429
Bank charges	**4,428,279**	3,842,517
Other administrative expenses	**10,803,752**	4,449,038
Total	**294,316,318**	236,627,569
Selling and promotional costs		
Advertising	**22,396,605**	15,345,135
Commission	**53,233,930**	46,111,180
Travelling and entertainment	**11,962,710**	10,087,355
Other	**1,034,313**	715,833
Total	**88,627,558**	72,259,503

27. Employee benefits

	2018 $	2017 $
Salaries and wages	**123,055,530**	100,440,687
Statutory contributions	**24,191,077**	20,224,310
Staff benefits	**7,785,731**	10,960,013
Total	**155,032,338**	131,625,010

There were one hundred and thirty-four (134), (2017 – one hundred and ten (110)) employees at year end.

28. Risk management policies

The company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company seeks to manage these risks by close monitoring of each class of its financial instruments as follows:

a Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Foreign currency risk

The company is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risk, which result from both its operating and investing activities.

i Currency risk

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

The company is exposed to currency risk due to fluctuations in exchange rates on balances that are denominated in currencies other than the Jamaican Dollar. For transactions denominated in United States Dollars (US$) the company however, maintains US$ bank account in an attempt to minimise this risk.

At the end of the reporting period there were net liabilities of approximately US$90,565 (2017 - US$332,161) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risk

	2018 US$	2017 US$
Financial assets		
- Prepayments	**207,902**	214,546
- Bank and cash	**18,691**	1,368
- Goods-in-transit	**184,655**	-
Financial liabilities		
- Other loans	**(450,000)**	(454,514)
- Trade and other payables	**(51,813)**	(93,561)
Total	**(90,565)**	(332,161)

The above assets/liabilities are receivables/payables in United States Dollars (US$). The exchange rate applicable at date is J$125.8936 to US$1 (2017 - J$123.61 to US$1).

Foreign currency sensitivity

The following table illustrates the sensitivity of the net result for the year end and equity with regards to the company's financial assets and financial liabilities and US Dollar to Jamaican (JA) Dollar exchange rate. Only movements between the Jamaican Dollar and US Dollars are considered, as these are the two major currencies of the company.

The sensitivity analysis is based on the company's United States Dollar financial instruments at the end of the reporting period.

Effect on results of operations:

If the JA Dollar weakens by 4% (2017 – 4%) against the US Dollar then this would have the effect of the amounts shown below on the basis that all other variables remain constant.

	Rate %	Weakens $
2018	**4**	**(456,062)**
2017	4	(1,642,337)

If the JA Dollar strengthens against the US Dollar by 2% (2017 – 2%) this would have the following impact:

	Rate %	Strengthens $
2018	**2**	**228,031**
2017	2	821,168

ii Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The company's cash and cash equivalents are subject to interest rate risk. However, the company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The company maintains interest-earning bank accounts with licensed financial institutions. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

The company's interest rate risk arises mainly from its borrowings.

Interest rate sensitivity

Due to the fact that interest earned from the company's interest-earning bank accounts is immaterial, there would be no material impact on the results of the company's operations as a result of fluctuations in interest rates. However, the company is exposed to changes in market interest rates through its borrowings.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates.

Effects on results of operations:

If the interest rate increases by 1% (2017 – 1%) according to changes in money market conditions then this would be the effect of the amounts shown on the basis that all other variables remain constant.

	Rate %	$
2018	**1**	**1,389,358**
2017	1	(643,287)

If the interest rate decrease by 1% (2017 – 1%) according to change in money market conditions then this would be the effect of the amounts shown on the basis that all other variables remain constant.

	Rate %	$
2018	**1**	**(1,389,358)**
2017	1	643,287

iii Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company's financial instruments are substantially independent of changes in market prices as they are short-term in nature.

b Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the company. The company is expect to dredit risk from financial assets including cash and cash equivalents held at banks, trde and other receivables.

Credit risk management

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits, and are only with reputable financial institution.

The company continouesly monitors the credit quality of as customers. The company's policy is to deal with only credit worthy counterparties. The credit terms range between 15 and 30 days. The credit terms for customers are subject to an internal approval process which considers the credit rating scorecard. The on going credit risk is managed through regular review of aging analysis together with credit limit per customer.

Trade receivables consists of a large number of customers. The company does not require collateral or other credit enhancements in respect of its trade and other receivables.

The maximum credit risk faced by the company is limited to the carrying amount of financial assets recognised at the end of the reporting period, as summarised below:

	2018 $	2017 $
Investments	**1,427,016**	1,500,000
Trade and other receivables	**150,241,459**	130,673,742
Bank balances	**52,350,989**	8,042,008
Total	**204,019,464**	140,215,750

Trade receivables

The company applies IFRS 9 simplified model of recognising lifetime estimate credit losses, for all trade receivables as these items do not have significant financing component.

In measuring the expected credit losses the trade recievables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due.

The expected loss rates are based on the payment profile for sales over the last 24 months before December 31, 2018 and January 1, respectively as well as the corresponding historical losses during the period. The historical rates are adjusted to reflect forward looking macro economic factors affecting the customers ability to settle the amount outstanding. The company has identified gross domestic product (GDP) and inflation rates to be the most relevant factors and accordingly adjusts historical loss rates for expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, failure to make payments within 365 days from the invoice date and failure to engage with the company on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

December 31, 2018

	Trade receivables days past due					
	Current	**More than 30 days**	**More than 60 days**	**More than 90 days**	**365 days and over**	**Total**
Expected credit loss rate	**0.67%**	**0.74%**	**0.82%**	**4.82%**	**100%**	**-**
Gross carrying amount	**80,635,593**	**35,817,839**	**14,101,223**	**19,823,954**	**950,371**	**151,328,979**
Lifetime expected credit loss	**540,258**	**265,052**	**115,630**	**955,514**	**950,371**	**2,826,825**

December 31, 2017

	Trade receivables days past due					
	Current	More than 30 days	More than 60 days	More than 90 days	365 days and over	Total
Expected credit loss rate	0.25%	0.27%	0.30%	1.2%	100%	-
Gross carrying amount	61,171,353	30,017,353	15,000,191	19,979,437	2,274,829	128,443,162
Lifetime expected credit loss	152,928	81,047	45,001	239,753	2,274,829	2,793,558

The closing balance of the trade and other receivables as at December 31, 2018 reconciles with the trade receivables loss allowance opening balance as follows:

	2018 $	2017 $
Loss allowance as at January 1, calculated under IAS 39	**1,969,888**	1,254,919
Amount restated through opening retained earnings	**823,670**	-
Opening loss allowance at January 1, 2018	**2,793,558**	1,254,919
Receivables written-off during the year	**(109,909)**	-
Loss allowance recognised during the year	**143,176**	714,969
	2,826,825	1,969,888

c Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its commitments associated with financial liabilities.

The company manages its liquidity risk by carefully monitoring its cash outflow needs for day-to-day business and maintaining an appropriate level of resources in liquid or near liquid form to meet its needs. The company maintains cash to meet its liquidity requirements.

As at December 31, 2018, the company's non-derivative financial liabilities have contractual maturities (including interest payment where applicable) as summarised below:

	Current Within 12 Months $	Non-current 2 to 5 years $	Non-current Over 5 years $
Borrowings	**31,524,078**	**152,621,686**	**-**
Other loans	**4,935,427**	**43,835,145**	**16,023,408**
Finance lease	**6,755,120**	**205,707**	**-**
Owing to directors	**685,442**	**-**	**-**
Trade and other payables	**134,943,209**	**-**	**-**
Total	**178,843,276**	**196,662,538**	**16,023,408**

This compares to the maturity of the company's financial liabilities in the previous reporting period as follows:

	Current Within 12 Months $	Non-current 2 to 5 years $	Non-current Over 5 years $
Borrowings	28,088,374	50,390,513	-
Other loans	-	56,814,327	-
Finance lease	14,363,098	6,962,785	
Owing to directors	413,193	-	-
Trade and other payables	64,384,125	20,708,772	-
Total	107,248,790	134,876,397	-

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the end of the reporting period.

29. Fair value measurement

(i) Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

December 31, 2018	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Quoted equity securities	1,427,016	-	-	1,427,016
Total	**1,427,016**	**-**	**-**	**1,427,016**

December 31, 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Financial assets				
Quoted equity securities	745,028	-	-	745,028
Total	745,028	-	-	745,028

There were no transfers between level 1 and level 2 in 2018 and 2017

The company's other financial assets and financial liabilities are measured at amortised cost, and the fair values for these are disclosed at Note 30.

(ii) Fair value measurement of non-financial assets.
The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31, 2018:

December 31, 2018	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Property, plant and equipment				
Land and buildings	-	-	261,671,114	261,671,114
Total	**-**	**-**	**261,671,114**	**261,671,114**

Fair value of the company's land and buildings is estimated based on appraisal by a professionally qualified valuator. The significant inputs and assumptions are developed in close consultation with management.

Land and Buildings (Level 3)

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the company's property, including size, location, encumbrances and current use of the property. Land and buildings at 34 Collins Green Avenue, St. Andrew, were revalued November 2017.

Reconciliation of the opening and closing balances of the company's land and buildings:

	2018 $
Balance at January 1, 2018	**256,552,530**
Additions	**8,219,040**
Impairment of property, plant and equipment	**-**
Depreciation of property, plant and equipment	**(3,100,456)**
Balance at December 31, 2018	**261,671,114**

December 31, 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Property, plant and equipment				
Land and buildings	-	-	256,552,530	256,552,530
Total	-	-	256,552,530	256,552,530

Fair value of the company's land and buildings is estimated based on appraisal by a professionally qualified valuator. The significant inputs and assumptions are developed in close consultation with management.

Land and Buildings (Level 3)

The appraisal was carried out using a market approach that reflects observed prices for market transactions and incorporates adjustments for factors specific to the company's property, including size, location, encumbrances and current use of the property. Land and buildings at 34 Collins Green Avenue, St. Andrew, were revalued November 2017.

Reconciliation of the opening and closing balances of the company's land and buildings:

	2017 **$**
Balance at January 1, 2017	192,000,000
Additions	68,394,126
Impairment of property, plant and equipment	(1,415,298)
Depreciation of property, plant and equipment	(2,426,298)
Balance at December 31, 2017	256,552,530

30. Summary of financial assets and liabilities by category

The carrying amount of the company's financial assets and liabilities recognised at the end of the reporting periods under review may also be categorised as follows:

	2018 **$**	2017 $
Financial assets		
Investments		
Fair value through profit or loss	**1,427,016**	-
Available-for-sale	**-**	745,028
Amortised cost	**-**	754,972
	1,427,016	1,500,000
Financial assets		
Amortised cost		
Trade and other receivables	**150,241,459**	130,673,742
Bank and cash	**52,625,987**	8,297,006
Total	**202,867,446**	138,970,748
Financial liabilities measured at amortised cost		
Borrowings	**128,063,719**	41,075,921
Other loans	**52,227,886**	56,814,327
Finance lease	**205,707**	6,557,005
Financial liabilities measured at amortised cost		
Bank overdraft	**3,846,305**	-
Trade and other payables	**134,943,209**	85,092,897
Owing to directors	**685,442**	413,193
Current portion of borrowings	**20,572,020**	23,252,767
Current portion of other loans	**3,039,692**	-
Current portion of finance lease	**6,352,365**	12,691,135
Total	**349,936,345**	225,897,245

31. Capital management, policies and procedures

The company's capital management objectives are to ensure the company's ability to continue as a going concern and to sustain future development of the business. The company's Board of Directors review the financial position of the company at regular meetings.

The company is not subject to externally imposed capital requirements. The company did not change its approach to capital management polices during the year.

NOTES

FORM OF PROXY

STATIONERY & OFFICE SUPPLIES LTD.

POSTAGE STAMP

I/We ____of

____(address)

being a shareholder(s) of the above-named Company, hereby appoint:

____ (proxy name)

of ____(address)

or failing him, ____(alternate proxy)

of ____(address)

as my/our proxy to vote for me/us on my/our behalf at the 2018 Annual General Meeting of the Company to be held at 2.00 p.m. on Tuesday, June 5, 2018 at Knutsford Court Hotel, 16 Chelsea Avenue, Kingston and at any adjournment thereof.

Signed this _______________ day of ____ 2019:

Signature: ____ (Signature of primary shareholder)

Name: ____ (Name of primary shareholder)

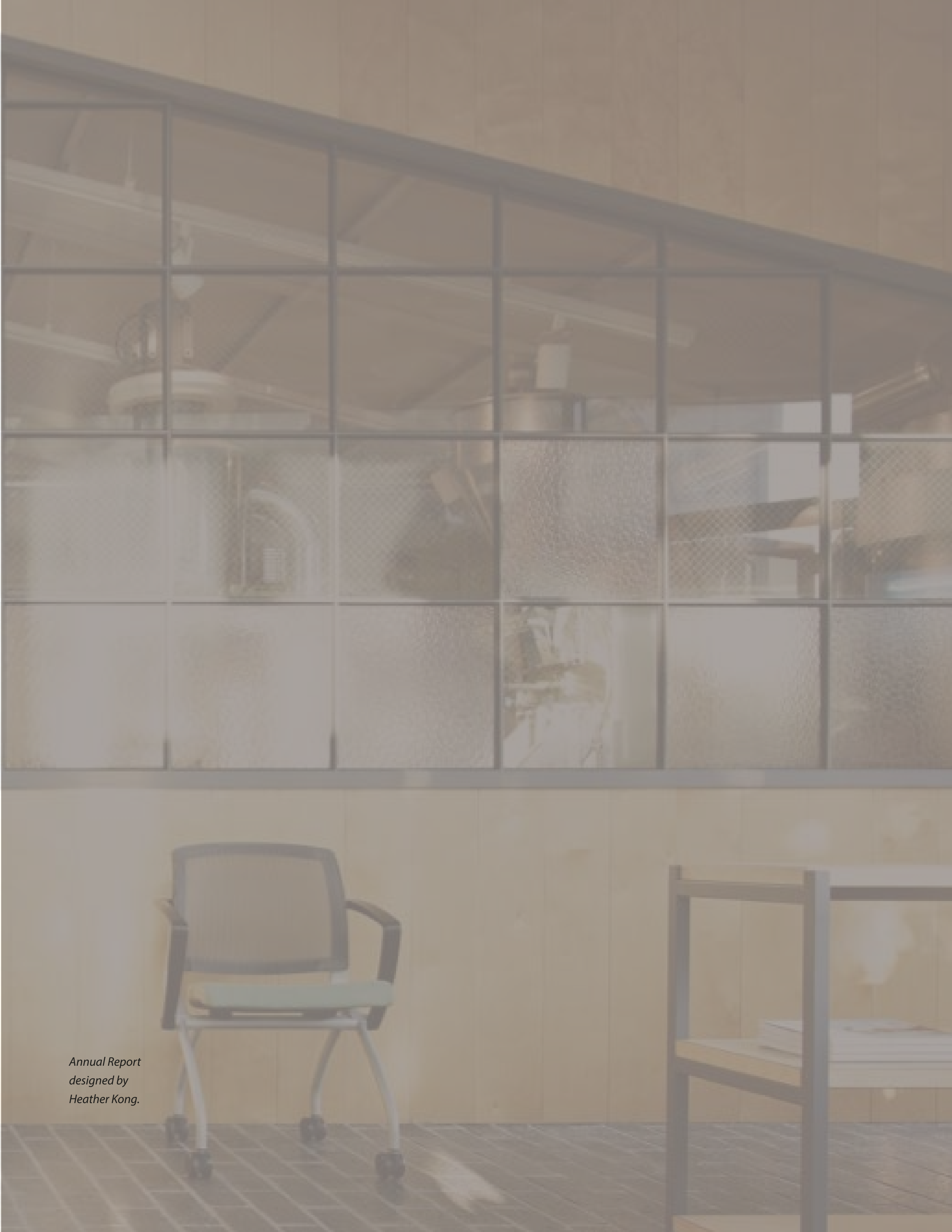
Signature: ____ (Signature of secondary shareholder)

Name: ____ (Name of secondary shareholder)

Note

1. If the appointer is a Corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorised.

2. A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not be a Member of the Company. A Proxy Form is enclosed for your convenience. Completed Proxy Forms must be lodged at the Company's Registered Office, 23 Beechwood Avenue, Kingston 5 at least forty-eight hours before the time appointed for holding the meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.



Annual Report designed by Heather Kong.

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