STATIONERY & OFFICE SUPPLIES LTD.

2017 ANNUAL REPORT

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of Stationery & Office Supplies Limited (the "Company") will be held on Tuesday, June 5, 2018 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, 2017. 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, 2017 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. The Directors to retire from office pursuant Article 102 of the Articles of Incorporation are David McDaniel, Marjorie McDaniel, Allan McDaniel, Kerri Todd, Stephen Todd, Kelli Muschett, Anthony Bell, Richard Evan Thwaites and Gary Hendrickson.

    Resolution No. 3 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 David McDaniel be and is hereby re-elected a Director of the Company."
    b) "THAT retiring Director Marjorie McDaniel be and is hereby re-elected a Director of the Company."
    c) "THAT retiring Director Allan McDaniel be and is hereby re-elected a Director of the Company."
    d) "THAT retiring Director Kerri Todd be and is hereby re-elected a Director of the Company."
    e) "THAT retiring Director Stephen Todd be and is hereby re-elected a Director of the Company."
    f) "THAT retiring Director Kelli Muschett be and is hereby re-elected a Director of the Company."
    g) "THAT retiring Director Anthony Bell be and is hereby re-elected a Director of the Company."
    h) "THAT retiring Director Richard Evan Thwaites be and is hereby re-elected a Director of the Company."
    i) "THAT retiring Director Gary Hendrickson be and is hereby re-elected a Director of the Company."

Dated this 20th day of April 2018

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.

2017 Project Highlights

"WE ARE DREAMING BIG BUT EXECUTING STRATEGIES SOUNDLY IN AN EFFORT TO GROW SHAREHOLDER VALUE."

– David McDaniel

Chairman's Report

A strong and experienced team

Stationery and Office Supplies Limited (SOS) is pleased to report that the 2017 financial year has been one of growth and continued success.

We achieved a number of milestones in 2017, led by our listing on the Junior Market of the Jamaica Stock Exchange in August. The Company raised over $96 Million in our initial public offering (IPO), with an overwhelming public demand for our stock as it was 5 times oversubscribed and closed within the first minute. Since then, the stock has more than doubled in price closing the year ended December 31st, 2017 at a value of $4.93 per share. We have been able to use these funds to increase the Company's working capital while initiating a series of measures to sustain growth. Part of that effort saw us acquiring an adjoining property in an effort to increase our warehouse capacity as well as to have additional space for future expansion.

During the year, SOS realized record revenues, increasing from JM$702M at the end of 2016 to JM906M at the end of 2017, an increase of 29%. This increase resulted in SOS achieving its highest ever pre-tax profit ending the year at JM$82.2M, a 55% increase over the JM$53M attained at the end of 2016. This represents earnings per share of $0.38 compared to $0.23 in the previous year.

The increase in sales is a direct result of the improved macro-economic climate that saw a number of new companies opening and business expanding across Jamaica. If companies are doing well, then we do well. As the economy grows, business grows, providing a need to purchase more office products including stationery and furniture items. In addition to the general growth in the economy, we have also experienced growth in our market share due to the increased profile of the Company since the 2017 listing on the Junior Stock Exchange.

One of the most important projects that was started in 2017 was the SOS Scholarship Fund. Partnering with Campion College, Stationery & Office Supplies Ltd. was able to provide two new high school students with scholarships to help fund their secondary education. The plan will be to continue to provide 2 scholarships each year for new students entering Campion.

Stationery and Office Supplies Limited continues to operate with a very strong and experienced team of directors and managers which is leading the business towards new heights. We are dreaming big but executing strategies soundly in an effort to grow shareholder value. Going forward, we want to continue our expansion of market share in Jamaica, increase our warehousing capacity and continue our regional expansion.

I would like to thank our staff, customers and investors for their continued support. We are all humbled by the faith that you have placed in this Company and we will continue to strive for excellence as SOS heads to new heights.

David McDaniel
Chairman

The Company & its History

Since its incorporation, the Company has metamorphosed into a modern and efficient business occupying approximately 35,000 square feet with one hindred and ten (110) 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 foot 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 negotiated the purchase of 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 eighty-three (83) staff members with a fleet of eleven (11) delivery vans that cover

The Company & its History

The Executive Directors of the Company from left: Mrs. Kelli (McDaniel) Muschett, Mrs. Marjorie McDaniel, Mrs. Kerri (McDaniel) Todd, Mr. David McDaniel (seated), Mr. Stephen Todd and Mr. Allan McDaniel

deliveries islandwide.

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 lines), Boss Chairs, Smart Office Furniture, Hi-Top Case Goods, Torch Furniture, Image Furniture, 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.

International Customers

Throughout the years the Company has done business with every sector of the Jamaican

The Company & its History

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.

Marketing and Social Media Presence

The Company has always seen the value in having and maintaining a robust advertising and marketing campaign on an ongoing basis and has traditionally used print media as its main advertising medium. However, over the past few years the Company has augmented its advertising and marketing campaign by embarking upon a social media campaign and had consistently modified its website in order to integrate same with the key social media platforms including Facebook® and Instagram®. The Company's robust advertising and marketing mix allows it to ensure that its customers remain up-to-date on the latest products and specials offered by the Company.

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 Company'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.

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 at right.

Board of Directors

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.

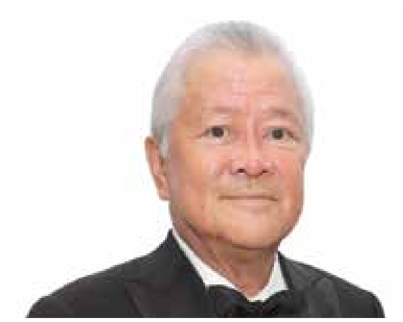
Anthony J.A. Bell, J.P.

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.



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.

R. Evan D. Thwaites

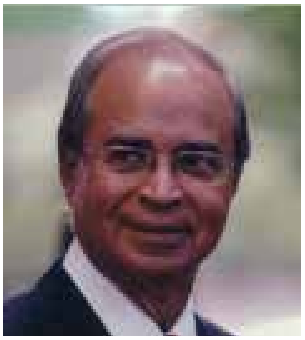
Non-Executive Director & Chairman of the Corporate Governance Committee

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



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).

Corporate Governance

Over fifty years ago Stationary & Office Supplies ("SOS") commenced business under the guidance of shareholders and directors Richard Hing, George Hew and David McDaniel with a handful of employees occupying 600 square feet of space at 18 Melmac Avenue.

Today SOS has transitioned from a family business to a publicly listed company, and under the chairmanship of Mr. David McDaniel, the Company is committed to maintaining high standards of corporate governance to preserve its shareholders value and confidence in the long term viability and profitability of the Company.

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 of Directors meeting attendance

Members of the Board of Directors	Meeting held 29/03/2017	Mode of Attendance	Meeting held 29/08/2017	Mode of Attendance	Meeting held 06/11/2017	Mode of Attendance
David McDaniel, Chairman	√	in person	√	in person	√	in person
Marjorie McDaniel	√	in person	√	in person	√	in person
Allan McDaniel	√	in person	√	in person	√	in person
Kerri Todd	√	in person	apology		√	in person
Kelli Muschett	√	in person	apology		√	in person
Stephen Todd	√	in person	apology		√	in person
Anthony Bell, Independent Director	√	in person	√	via phone	√	in person
Gary Hendrickson, Independent Director	√	in person	apology		apology	
Richard Evan Thwaites, Independent Director			√	in person	√	in person
Michael Fraser, Mentor			apology		√	in person

Audit Committee meeting attendance

Members of Audit Committee	Meeting held 29/08/2017	Mode of Attendance	Meeting held 06/11/2017	Mode of Attendance
Anthony Bell, Independent Director,Chairman	√	in person	√	in person
Gary Hendrickson, Independent Director	apology		apology	
Richard Evan Thwaites, Independent Director	√	in person	√	in person
Allan McDaniel	√	in person	√	in person
David McDaniel	√	in person	√	in person
Marjorie McDaniel	√	in person	√	in person
Michael Fraser, Mentor			√	in person
Kerri Todd			√	in person
Stephen Todd			√	in person
Kelli Muschett			√	in person

Remuneration Committee meeting attendance

Members of Remuneration Committee	Meeting held 06/11/2017	Mode in attendance
Gary Hendrickson, Independent Director/Chairman	apology	
Anthony Bell, Independent Director,	√	in person
Richard Evan Thwaites, Independent Director	√	in person
Allan McDaniel	√	in person
David McDaniel	√	in person
Marjorie McDaniel	√	in person
Stephen Todd	√	in person
Kerri Todd	√	in person
Kelli Muschett	√	in person
Michael Fraser, Mentor	√	in person

Corporate Governance Committee meeting attendance

Members of Corporate Governance Committee	Meeting held 06/11/2017	Mode in attendance
Richard Evan Thwaites, Independent Director, Chairman	√	in person
Gary Hendrickson, Independent Director/Chairman	apology	
Anthony Bell, Independent Director,	√	in person
Allan McDaniel	√	in person
David McDaniel	√	in person
Marjorie McDaniel	√	in person
Stephen Todd	√	in person
Kerri Todd	√	in person
Kelli Muschett	√	in person
Michael Fraser, Mentor	√	in person

STATIONERY & OFFICE SUPPLIES LTD.

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

Attorney

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

Top 10 Shareholders *AS OF DECEMBER 31, 2017*

SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1. OUTLOOK LIMITED	200,096,400	80
2. ANJANETTE MARIANNA MCDANIEL	6,250,040	2.5
3. JASON CARL CARBY	1,918,660	0.77
4. KENDALL MARIE TODD	1,744,000	0.7
5. JNBS PENSION TRUSTEES NOMINEE LTD.	1,588,857	0.64
6. MIRAH JESSICA LIM TODD	1,500,000	0.6
7. KIW INTERNATIONAL LIMITED	1,376,877	0.55
8. MF & G ASSET MANAGEMENT LTD. - NCB CM UNIT TRUST SCHEME (JMD CARIBBEAN EQUITY PORTFOLIO)	1,192,373	0.48
9. DAVID ANTHONY STEPHENS	802,896	0.32
10. TETLEY TEA CO. JA. LTD. PENSION FUND	724,650	0.29

Directors' Share holdings *AS OF DECEMBER 31, 2017*

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' Share holdings *AS OF DECEMBER 31, 2017*

SHARE HOLDER	SHAREHOLDING	% SHARES ISSUED
1. DENISE MCINTOSH	389,650.	0.16

We Deliver!

Management, Discussion & Analysis

Management Discussion and Analysis

Stationery and Office Supplies Limited (SOS) was incorporated in 1965 with operations in Kingston and Montego Bay. The main activity of the company continues to be the sale of office furniture, fixtures, stationery and other office supplies.

Company Highlights

The Company's major highlight for the 2017 financial year was, undoubtedly, listing on the Junior Market of the Jamaica Stock Exchange and raising over $96 Million in our initial public offering (IPO). Listing on the Jamaica Stock Exchange allowed us to raise funds, open our Company to new investors, and raise the Company's national profile.

The stock was listed at $2 in August 2017 and within a week increased to $6. The stock ended the financial year at $4.93.

During the year, Stationery and Office Supplies Limited was strategic in achieving the short-term objectives outlined in the IPO prospectus. We acquired property in order to contiguously house our expansion. With this increased capacity we were able to increase inventory as a means of raising turnover and pay down on debt in order to improve our ratios.

Operational Highlights

In 2017, the Company benefitted from increased economic activity, with overall sales increasing 29 percent. Whenever the economy grows, it increases business activity which results in a need for more stationery and office furniture.

Torch and Image, our own branded line of furniture, grew at a rate of approximately 60

2016/2017 COMPARATIVE FIGURES

	Sales		Gross Profit & Other Income		Expenses		Profit Before Tax	
	2017	2016	2017	2016	2017	2016	2017	2016
January	$71,448,567	$61,553,015	$34,030,296	$36,687,751	$24,277,872	$21,970,861	$9,752,424	$14,716,890
February	$69,917,020	$58,034,797	$33,483,803	$29,722,145	$23,523,737	$21,050,292	$9,960,066	$8,671,853
March	$77,415,945	$61,845,118	$41,218,010	$27,077,083	$30,736,996	$20,998,707	$10,481,014	$6,078,376
April	$67,485,315	$60,180,809	$32,941,268	$30,178,935	$25,747,526	$25,072,908	$7,193,742	$5,106,027
May	$58,098,905	$54,710,527	$26,234,403	$23,236,793	$26,278,341	$24,360,927	-$43,938.00	-$1,124,134
June	$87,420,003	$56,153,721	$40,321,534	$25,804,444	$27,179,717	$21,473,927	$13,141,817	$4,330,517
July	$78,439,274	$54,135,221	$35,195,930	$27,012,875	$27,479,915	$25,904,456	$7,716,015	$1,108,419
Augst	$77,183,389	$45,744,024	$37,999,867	$22,897,122	$30,701,692	$23,708,551	$7,298,175	-$811,429
September	$77,462,733	$70,359,814	$37,292,567	$34,400,530	$33,506,995	$24,853,818	$3,785,572	$9,546,712
October	$73,006,285	$56,982,403	$34,337,322	$27,098,006	$29,420,433	$22,639,118	$4,916,889	$4,458,888
November	$81,230,933	58,000,368	$33,357,188	$26,713,756	$30,180,840	$25,339,883	$3,176,348	$1,373,873
December	$87,397,449	$64,371,034	$37,058,832	$28,228,436	$32,155,378	$28,531,350	$4,903,454	-$302,914
TOTALS	$906,505,818	$702,070,851	$423,471,020	$339,057,876	$341,189,442	$285,904,798	$82,281,578	$53,153,078

SUMMARY OF FINANCIAL RESULTS

	12 month ended Dec 2017	12 month ended Dec 2016	Comparative Change 2016 - 2017
REVENUE	$906,505,818.00	$702,070,851.00	29%
GROSS PROFIT	$423,013,434.00	$338,668,239.00	25%
OTHER INCOME	$97,991.00	$163,078.00	-40%
OPERATING EXPENSES	$331,914,192.00	$269,888,990.00	23%
FINANCE COSTS	$9,483,266.00	$11,144,462.00	-15%
NET PROFIT BEFORE TAX	$82,281,578.00	$53,153,078.00	55%
BASIC & DILUTED EARNINGS PER SHARE	$0.38	$0.23	65%

percent. We also increased our inventory to $158.7 Million from $118.8 Million in 2016.

The Company expanded its Beechwood Avenue office and warehouse space from 35,000 square feet (sq ft) to 55,000 sq ft. This was the result of the acquisition of an adjoining lot on Collins Green Avenue. The size of the property gives us enough flexibility to add another 20,000 sq ft of space without a problem. We acquired the property at $68 Million and acquired additional motor vehicles during the year at some $20 Million.

We also doubled the capacity of our commercial shredding facility. We can now shred up to 10,000 pounds of paper per day. The service, which the Company introduced six years ago, has become popular among entities with large volumes of waste paper and other materials used to stores sensitive data.

Our total staff complement increased from 99 to 110; this increase in staff was made to accommodate the increased demand for daily assembly and sales.

During the year we experienced export growth, as we signed distributors to make our first major push into the wider Caribbean region. We expect that in the ensuing years, this move will result in increased opportunities and the growth of our own branded lines.

Financial Performance

The Company earned revenues at $906.5 Million, up 29 percent over 2016. This is a milestone for the Company, not only in terms of record sales, but also in terms of implementing new systems and structures geared at increased efficiency. The Company earned $83 Million in net profit versus $46.6 Million in 2016. While we increased our revenue during the year, we also decreased bad debt to $715,000 compared to $1.25 Million a year earlier. This was achieved thanks to our diligent sales team and, in part, due to an improved economy which has positively impacted our customers.

Our total assets climbed to $655 Million as at December 2017 from $485 Million a year earlier. The growth was due to additions to our property, plant and equipment, inventories, and trade receivables. The growth in our assets came with a slight reduction in our total liabilities at $241.5 Million in 2017 from $242.1 Million in 2016.

In 2017 we retired a $5 Million short-term loan while securing new loans at favourable rates of between 8 and 9 percent. The previous rates were between 10 and 12 percent. These movements along with our IPO cash injection led to a rise in total equity at $413.8 Million compared to $242.6 Million in 2016.

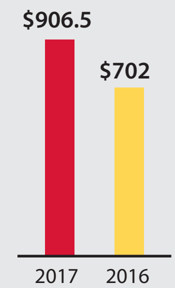
Outlook

We expect the economy to improve within the short to medium term. This anticipated improvement will result in a number of new small to medium sized businesses setting up and expanding. We also anticipate continued growth within the Business Process Outsourcing and banking sectors. This augurs well for the Company as we expect to increase core activity going forward. Consequently, the future prospects are bright for the Company as we forecast double-digit growth in the 2018 financial year.

In 2018 we aim to enter the manufacturing industry through acquisition to further deepen our investment in Jamaica. This will not only lead to an expanded owned product line, but increase our staff head count and profitability.

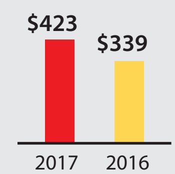
Sales

In millions of $J



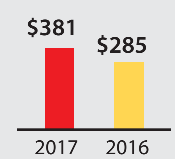
Gross Profit & Other Income

In millions of $J



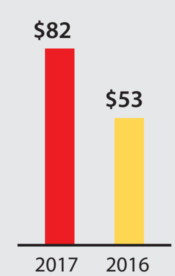
Expenses

In millions of $J



Profit before taxes

In millions of $J



Corporate Social Responsibility

In 2017 Stationery & Office Supplies Limited launched the SOS Scholarship Program for Campion College Students. Two deserving first form students will be awarded 'a scholarship every year. The winners are chosen from an application process coordinated with the school, with the major determining factor being a 500-word essay submitted, titled, "What I would do if I won this scholarship". The winners receive:

1. Auxiliary fees paid to Campion in their name every year for 5 years, providing they maintain their grades and good behavior.
2. A lunch allowance to be use at Campion.
3. A school bag full of stationery supplies.
4. A Dell Laptop computer.

The company is excited about this initiative and looks forward to supporting these students to reach their full potential.

The Company also participated in the corporate fund raiser, The Sigma 5K Run. Every year we have a team of eager participants from Stationery & Office Supplies who train in preparation.

We continue to be environmentally conscious in sharing the importance of recycling, particularly paper products as it is a core product in our industry. We communicate the benefits of shredding and recycling to our customers and staff and encourage the use of best practices throughout our organization and that of our clients.

At left: Staff member sget ready to hit the road for the corporate fund raiser, The Sigma 5K Run.

SOS Scholarship Program for Campion College Students

Two Campion Students were awarded full scholarships after submitting the two best 500 word essays on, "What I would do If I was awarded a scholarship". The two boys who received the awards were, Robert Tomlinson and Ricardo Hamilton.

At left: Robert Tomlinson and Ricardo Hamilton proudly show off their certificates from SOS

Bottom left: Robert Tomlinson and Ricardo Hamilton showing off their new computers with their mothers. Allan McDaniel, Deputy Managing Director and Marjory McDaniel Director of SOS Ltd.

Bottom right: The boys go through their bags of SOS goodies which included a DELL Laptop computer and school supplies courtesy of SOS Ltd.

Audited Financial Statements

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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, 2017, 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, 2017, 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.

Valuation of land and building

As at December 31, 2017, Land and Building amounted to $256,552,530 or 80% of Total Assets (Note 5).

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

The Key Audit Matter (cont'd)

The determination of market value requires significant estimation, and is inherently subjective, as key inputs are not observable from available market information.

How the matters are addressed in our audit

Our audit procedures included, amongst others:

- Assessing the qualification, objectivity, independence and competence of the valuator.
- Establishing the consistency of the valuation approaches used with IFRS 13, *Fair Value Measurement* and their suitability for use in determining the market value of the land and buildings as at December 31, 2017.
- Evaluating the assumptions and underlying data used in determining the fair value, including identification of similar transactions and listings, corroborating discussions with the valuator, within our understanding of the market environment.
- Assessing the adequacy of the disclosure in accordance with IAS 16, *Property, plant and equipment*.

We found no material errors from our test.

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.

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

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements

Other information (cont'd)

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.

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.

Independent auditor's report (cont'd)

To the Members of
Stationery and Office Supplies Limited

Report on the Audit of the Financial Statements

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

- 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.

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

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

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

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

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

February 27, 2018 Chartered Accountants

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Statement of financial position
December 31, 2017

	Note	2017 $	2016 $
Assets			
Non-current assets			
Property, plant and equipment	(5)	**322,495,979**	246,563,974
Intangible asset	(6)	**5,095,397**	5,661,552
Investments	(7)	**1,500,000**	-
		329,091,376	252,225,526
Current assets			
Inventories	(8)	**158,707,704**	118,831,095
Trade and other receivables	(9)	**130,673,742**	87,500,057
Prepayments		**28,186,844**	20,999,958
Taxation recoverable		**247,180**	-
Bank and cash	(10)	**8,297,006**	5,184,375
		326,112,476	232,515,485
Total assets		**655,203,852**	484,741,011
Equity and liabilities			
Equity			
Share capital	(11)	**88,151,214**	4,000
Capital reserve	(12)	**112,423,398**	112,423,398
Retained profits		**213,180,070**	130,213,625
Total equity		**413,754,682**	242,641,023
Liabilities			
Non-current liabilities			
Borrowings	(13)	**41,075,921**	15,425,529
Other loans	(14)	**56,814,327**	58,378,114
Finance lease	(15)	**6,557,005**	16,863,356
Deferred tax liability	(16)	**15,551,925**	24,805,419
		119,999,178	115,472,418
Current liabilities			
Bank overdraft	(17)	**-**	638,290
Trade and other payables	(18)	**85,092,897**	79,168,850
Owing to Directors	(14)	**413,193**	1,472,320
Current portion of borrowings	(13)	**23,252,767**	23,010,424
Current portion of other loans	(14)	**-**	4,080,931
Current portion of finance lease	(15)	**12,691,135**	12,157,215
Taxation payable		**-**	6,099,540
		121,449,992	126,627,570
Total liabilities		**241,449,170**	242,099,988
Total equity and liabilities		**655,203,852**	484,741,011

The notes on the accompanying pages 10 to 37 form an integral part of these financial statements.

Approved for issue by the Board of Directors on February 27, 2018 and signed on its behalf by:

_______________) Director　　_______________) Director

David McDaniel　　**Marjorie McDaniel**

Statement of profit or loss and other comprehensive income Year ended December 31, 2017

	Note	2017 $	2016 $
Revenue	(4c)	**906,505,818**	702,070,851
Cost of sales		**(483,492,384)**	(363,402,612)
		423,013,434	338,668,239
Other income		**97,991**	163,078
Administrative and general expenses		**(236,627,569)**	(193,399,312)
Selling and promotional costs		**(72,259,503)**	(59,296,198)
Bad debt		**(714,969)**	(1,254,919)
Depreciation, amortisation and impairment		**(22,312,151)**	(15,938,561)
Operating profit		**91,197,233**	68,942,327
Finance income	(19)	**420,367**	226,560
Gain/(loss) on foreign exchange		**208,016**	(4,871,347)
Finance costs	(19)	**(9,483,266)**	(11,144,462)
Loss on disposal of property, plant and equipment		**(60,772)**	-
Profit before tax	(20)	**82,281,578**	53,153,078
Income tax credit/(expense)	(21)	**684,867**	(6,566,885)
Profit for the year		**82,966,445**	46,586,193
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land and buildings		**-**	125,802,419
Deferred tax relating to revaluation of land and buildings		**-**	**(18,428,334)**
Other comprehensive income for the year		**-**	**107,374,085**
Total comprehensive income for the year		**82,966,445**	153,960,278
Basic and Diluted Earnings Per Share	(22)	**0.38**	0.23

The notes on the accompanying pages 10 to 37 form an integral part of these financial statements.

Statement of changes in equity
Year ended December 31, 2017

	Share Capital $	Capital Reserve $	Retained Profits $	Total $
Balance at December 31, 2015	**4,000**	**5,049,313**	**83,627,432**	**88,680,745**
Profit for the year	-	-	46,586,193	46,586,193
Other comprehensive income	-	107,374,085	-	107,374,085
Total comprehensive income	-	107,374,085	46,586,193	153,960,278
Balance at December 31, 2016	**4,000**	**112,423,398**	**130,213,625**	**242,641,023**
Profit for the year	-	-	82,966,445	82,966,445
Issue of shares	88,147,214	-	-	88,147,214
Transaction with owners	88,147,214	-	-	88,147,214
Balance at December 31, 2017	**88,151,214**	**112,423,398**	**213,180,070**	**413,754,682**

The notes on the accompanying pages 10 to 37 form an integral part of these financial statements.

Statement of cash flows
Year ended December 31, 2017

	Note	2017 $	2016 $
Cash flows from operating activities:			
Profit before tax		**82,281,578**	53,153,078
Adjustments for:			
Depreciation, amortisation and impairment	(5 & 6)	**22,312,151**	15,938,561
(Gain)/loss on foreign exchange on foreign currency loans		**(1,527,675)**	5,449,307
Loss on disposal of property, plant and equipment		**60,772**	-
Interest income		**(420,367)**	(226,560)
Interest expense	(19)	**9,483,266**	11,144,462
		112,189,725	85,458,848
Increase in inventories		**(39,876,609)**	(11,964,919)
Increase in trade and other receivables		**(43,173,685)**	(13,720,495)
Increase in prepayments		**(7,186,886)**	(8,781,403)
Increase in trade and other payables		**5,924,047**	13,764,115
Decrease in owing to Directors		**(1,059,127)**	(1,706,772)
Cash generated from operations		**26,817,465**	63,049,374
Interest paid		**(9,483,266)**	(11,144,462)
Income taxes paid		**(14,915,089)**	(4,394,050)
Net cash provided by operating activities		**2,419,110**	47,510,862
Cash flows from investing activities:			
Interest received net of withholding tax		**420,109**	226,064
Purchase of property, plant and equipment		**(97,738,773)**	(28,893,346)
Purchase of investment		**(1,500,000)**	-
Purchase of intangible asset	(6)	**-**	(5,661,552)
Net cash used in investing activities		**(98,816,664)**	(34,328,834)
Cash flows from financing activities			
Increase in Share capital		**88,147,214**	-
Proceeds from borrowings		**55,540,001**	-
Proceeds from finance lease		**3,152,700**	20,693,079
Repayment of borrowings		**(29,647,266)**	(13,863,832)
Repayment of other loans		**(4,117,043)**	(6,191,218)
Repayment of finance lease		**(12,925,131)**	(10,371,417)
Net cash used in financing activities		**100,150,475**	(9,733,388)
Net increase in cash and cash equivalents		**3,750,921**	3,448,640
Cash and cash equivalents at beginning of year		**4,546,085**	1,097,445
Cash and cash equivalents at end of year	(10)	**8,297,006**	4,546,085

The notes on the accompanying pages 10 to 37 form an integral part of these financial statements.

Notes to the financial statements December 31, 2017

1. Identification and activities

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.

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 and under the historical cost convention as modified by the revaluation of properties.

3. Changes in accounting policies

New and revised standards that are effective for annual periods beginning on or after January 1, 2017

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.

Amendments to IAS 7

The amendments to IAS 7 'Statements of Cash Flows', effective 1 January 2017, require the company to provide disclosures about the changes in liabilities from financing activities. The company categorises those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by IAS 7.

Amendments to IAS 12, 'Income Taxes' (effective for accounting periods beginning on or after 1 January 2017). The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. The amendments confirm that a temporary difference exits whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit, where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered. The recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type and tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

This amendment had no impact on the company's financial statements as the required disclosures were already included in the 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. Information on new standards, amendments and interpretations that may be relevant to the company's financial statements are provided below:

IFRS 9 'Financial Instruments' which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39, Financial Instruments: Recognition an Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instrument from IAS 39, the criteria for classification into the appropriate measurement bases for financial assets – amortised, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement categories are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

At the date of transition, the company is permitted to make a one-time irrevocable reassessment of its fair value through profit or loss designations or its financial assets and liabilities. The company is currently evaluating the extent to which it will apply these designations to its financial instruments upon transition.

The expected credit loss model is more forward looking and will require the use of reasonable and supportable forecasts of future economic conditions to determine increases in credit risk and measurement of expected credit losses. It may also result in an increase in the total level of impairment allowance as all financial assets will be assessed for impairment, and the population size will be greater than that for financial assets with objective evidence of impairment under IAS 39.

The company is still assessing the impact the change in model will have on its 2018 financial statements

IFRS 15 'Revenue from Contracts with Customers'
IFRS 15 Revenue From Contracts With Customers, effective for accounting periods beginning on or after January 1, 2018, replaces IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfer of Assets from Customers and SIC – 31 Revenue – Barter Transactions Involving Advertising Services. It does not apply to insurance contracts, financial instruments or lease contracts, which falls in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties.

The company will apply a five-step model to determine when to recognise revenue, and at what amount. The model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised at a point in time, when control of goods or services is transferred to the customer, or over time, in a manner that best reflects the entity's performance.

There will be new qualitative and quantitative disclosure requirements to describe the nature, amount, timing, an uncertainty of revenue and cash flows arising from contracts with customers.

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.

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 costs 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. Cost of inventory invoiced is the value plus applicable landing charges. Net realisable value is based upon estimated selling price less costs to sell.

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 is recognised when goods are delivered to customers or on the transfer of risk to third parties.

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

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.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss.

Financial assets and financial liabilities are measured subsequently as described below.

Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- loans and receivables;
- financial assets at fair value through profit or loss;
- held–to– maturity investments; and
- available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. 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.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. A provision for doubtful debt is recognised when there is an indication that the debt is impaired. Impairment of trade receivables are presented within 'other operating expenses'.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. None of the company's financial assets fall into this category.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the company has the intention and ability to hold them until maturity. None of the company's financial assets fall into this category.

Available-for-sale financial assets

Available-for-sale (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. The company's financial assets include listed securities. AFS financial investments are measured at fair value. Gains and losses are 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 is disposed of or determined to be impaired, the cumulative gains or losses recognised in other comprehensive income is reclassified from the equity reserve to profit or loss. Interest calculated using the effective method and dividends are recognised in profit or loss within finance income.

AFS equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

Financial liabilities

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

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

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 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. 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 asset - software

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

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on the straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in note 4j. The useful lives approximate to ten (10) years. The initial amortisation period will commence in the month following capitalisation.

Subsequent expenditures on the maintenance of computer software 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.

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.

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.

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 two operating segments, 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, 2017 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, 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**

(i) Included in the above are motor vehicles with gross carrying amounts totaling $23,750,884 (2016 -$39,421,465), 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 $84,232,901 (2016 - $66,378,110).

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

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

	Work In progress $	Freehold Land $	Buildings $	Leasehold improvements $	Motor Vehicles $	Computer Equipment $	Other Equipment $	Solar Equipment $	Total $
Gross carrying amount									
Balance at January 1, 2016	12,646,108	22,910,195	31,544,591	7,234,615	60,159,958	9,411,007	15,990,116	14,600,678	174,497,268
Additions	-	-	8,898,702	-	16,767,654	586,908	2,640,082	-	28,893,346
Transfer	(12,646,108)	-	12,646,108	-	-	-	-	-	-
Revaluations	-	52,089,805	63,910,599	-	-	-	-	-	116,000,404
Disposals	-	-	-	-	(3,623,277)	-	-	-	(3,623,277)
Balance at December 31, 2016	-	75,000,000	117,000,000	7,234,615	73,304,335	9,997,915	18,630,198	14,600,678	315,767,741
Depreciation									
Balance at January 1, 2016	-	-	(8,812,619)	(7,234,614)	(34,036,983)	(6,253,583)	(8,527,614)	(1,825,085)	(66,690,498)
Depreciation	-	-	(989,396	-	(10,449,030)	(955,540)	(1,719,510)	(1,825,085)	(15,938,561)
Depreciation eliminated on revaluations	-	-	9,802,015	-	-	-	-	-	9,802,015
Depreciation eliminated on disposals	-	-	-	-	3,623,277	-	-	-	3,623,277
Balance at December 31, 2016	-	-	-	(7,234,614)	(40,862,736)	(7,209,123)	(10,247,124)	(3,650,170)	(69,203,767)
Carrying amount at December 31, 2016	-	75,000,000	117,000,000	1	32,441,599	2,788,792	8,383,074	10,950,508	246,563,974

6. Intangible asset – computer software

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

	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**

	Acquired Software $	Total $
Gross carrying amount		
Balance at January 1, 2016	-	-
Addition	5,661,552	5,661,552
Balance at December 31, 2016	5,661,552	5,661,552

7. Investments

	Available for-sale (fair value) $	Loans and Receivables (amortised cost) $	Total $
Quoted equities	745,028	-	745,028
Cash	-	754,972	754,972
	745,028	**754,972**	**1,500,000**

8. Inventories

	2017 $	2016 $
Merchandise – Stationery and office equipment, furniture & other supplies	**158,707,704**	118,831,095
Total	**158,707,704**	118,831,095

9. Trade and other receivables

	2017 $	2016 $
Trade	**128,443,162**	86,762,771
Less: Specific provision for doubtful debts	**(1,969,888)**	(1,254,919)
	126,473,274	85,507,852
General Consumption Tax	**1,783,473**	-
Staff loans	**571,975**	954,434
Other receivable	**1,845,020**	1,037,771
Total	**130,673,742**	87,500,057

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

Bad debt specific provision is as follows:

	2017 $	2016 $
Balance at January 1	**1,254,919**	-
Increase in provision during the year	**1,692,998**	1,254,919
Receivables recovered during the year	**(978,029)**	-
Balance at December 31	**1,969,888**	1,254,919

An analysis of unimpaired trade receivables that are past due is given in note 27b.

10. Cash and cash equivalents

	2017 $	2016 $
Cash and bank balances:		
J$ savings account	**4,649,643**	163,870
J$ current account	**3,222,641**	4,504,631
US$ current account	**169,724**	260,876
Cash in hand	**254,998**	254,998
Total cash at bank and in hand	**8,297,006**	5,184,375
Less: bank overdraft (Note 17)	**-**	(638,290)
Total cash and cash equivalents	**8,297,006**	4,546,085

11. Share capital

	2017 $	2016 $
Authorised:		
500,000,000 ordinary shares (2016 - 2,000)		
Issued:		
250,120,500 ordinary shares (2016 - 2,000)		
Stated capital		
Issued and fully paid:		
Balance at beginning of the year	**4,000**	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**	4,000

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

	2017 $	2016 $
Balance at January 1	**112,423,398**	5,049,313
Unrealised surplus arising from revaluation of land and buildings	**-**	125,802,419
Deferred tax resulting from revaluation (Note 16)	**-**	(18,428,334)
Balance at December 31	**112,423,398**	112,423,398

13. Borrowings

	2017 $	2016 $
Loans –		
(a) MF&G Trust & Finance Limited	**13,160,027**	29,876,430
(b) National Export – Import Bank of Jamaica Limited	**-**	8,559,523
(c) JN Fund Managers Ltd.	**36,351,475**	-
(d) Seramco Limited Superannuation Fund	**9,226,775**	-
(e) The Seramco Limited Staff Pension Fund (2015)	**5,590,411**	-
	64,328,688	38,435,953
Less: Current portion	**(23,252,767)**	(23,010,424)
Total	**41,075,921**	15,425,529

(a) 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 mature in December 2018 and are 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.

(b) In August 2014 the company received an Energy Loan and a SME Growth Initiate Loan from National Export-Import Bank of Jamaica Limited totalling $14,380,000. The Energy Loan is being offered for a period of sixty (60) months and bears interest at a rate of nine point five percent (9.5%) per annum. The SME Growth Initiative Loan is being offered for a period of forty eight (48) months and bears interest at a rate of ten point three seven five percent (10.375%) per annum.

These loans are secured by legal mortgage over property registered at Volume 1286 Folio 652 of the Register Book of Titles.

These loans were repaid during the year.

(c) 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 22 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.

(d) This represents a loan of $11,545,000 which bears interest 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. 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 Ford Ranger D/cab pick-up and 2017 Subaru XV Crossover.
- Personal Guarantee of Directors: David McDaniel and Marjorie McDaniel.
- Promissory Note signed by Stationery and Office Supplies Limited for $11,545,000.

(e) This represents a loan of $6,995,000 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 $11,545,000.

14. (i) Other loans

	2017 $	2016 $
Loan: (a)	**38,064,327**	39,111,854
(b)	**-**	4,080,931
(c)	**18,750,000**	19,266,260
	56,814,327	62,459,045
Less: current portion	**-**	(4,080,931)
Total	**56,814,327**	58,378,114

(a) These amounts are unsecured, interest free and have no fixed repayment terms. (Note 24(ii)). However the Directors do not intend to and will not make a call on the amount within the next twelve (12) months.

(b) The loan is unsecured and bears interest at a rate of nine point two five percent (9.25%) per annum and is to be repaid with quarterly payments of US$4,150.64 on the reducing balance.

This loan was repaid during the year.

(c) 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.

(ii) Owing to Directors

	2017 $	2016 $
Advances	**413,193**	1,472,320
Total	**413,193**	1,472,320

These amounts are unsecured, interest free and have no fixed repayment terms. (Note 24(ii)) The directors do not intend to and will not make a call on the amounts advanced within the next twelve months.

15. Finance lease

	2017 $	2016 $
Finance lease	**19,248,140**	29,020,571
Less: Current portion	**(12,691,135)**	(12,157,215)
Total	**6,557,005**	16,863,356

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, 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**

ii Future minimum lease payments at December 31, 2016 are as follows:

	Due Within One Year $	Due Within Two to Five Years $	Total $
Lease payments	15,069,803	19,204,381	34,274,184
Less: Finance charge	(2,912,588)	(2,341,025)	(5,253,613)
	12,157,215	16,863,356	29,020,571
Less: Current portion	(12,157,215)	-	(12,157,215)
Total	-	16,863,356	16,863,356

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, 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%, (2016 - 25%). The movement on the deferred tax account is as follows:

	2017 $	2016 $
Balance at beginning of year	**(24,805,419)**	(9,687,313)
Charge during the year - revaluation (Note 12)	**-**	(18,428,334)
- deferred tax credit	**9,253,494**	3,310,228
Balance at end of year	**(15,551,925)**	(24,805,419)

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

	2017 **$**	2016 $
Deferred tax liability on:		
Property, plant and equipment	**13,936,283**	17,550,276
Lease obligation	**1,615,642**	7,255,143
Deferred tax liability	**15,551,925**	24,805,419

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

	2017 **$**	2016 $
Trade	**26,306,120**	23,884,611
Customer deposits	**8,294,569**	30,064,123
Statutory deductions	**5,526,224**	5,046,345
Accruals	**2,882,621**	3,574,292
Other	**42,083,363**	16,599,479
Total	**85,092,897**	79,168,850

19. Finance income and finance cost

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

	2017 **$**	2016 $
Interest income	**420,367**	226,560
Total finance income	**420,367**	226,560

Finance costs for the years presented comprise:

	2017 **$**	2016 $
Interest expense for borrowings at amortised cost	**6,622,501**	8,344,518
Interest on finance lease	**2,860,765**	2,799,944
Total finance costs	**9,483,266**	11,144,462

20. Profit before tax

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

	2017 **$**	2016 $
Depreciation, amortisation and impairment	**22,312,151**	15,938,561
Directors' emoluments –		
Management remuneration	**45,740,080**	39,334,720
Auditor's remuneration	**1,665,000**	1,320,000
Interest expense	**9,483,266**	11,144,462
Interest income	**(420,367)**	(226,560)
(Gain)/loss on foreign exchange	**(208,016)**	4,871,347
Loss on disposal of property, plant and equipment	**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% (2016 - 25%) comprise:

	2017 **$**	2016 $
Current charge	**8,568,627**	9,877,113
Deferred tax expense (note 16)	**(9,253,494)**	(3,310,228)
Total	**(684,867)**	6,566,885

Current tax represents tax charge on pre-listing profit for the seven (7) months period ended July 31, 2017.

ii Reconciliation of theoretical tax expenses to effective tax expenses:

	2017 **$**	2016 $
Profit before tax	**82,281,578**	53,153,078
Tax at the applicable tax rate of 25%.	**20,570,395**	13,288,270
Employment Tax Credit	**(3,627,229)**	(4,208,774)
Tax effect of expenses not deductible for tax purposes	**5,798,521**	5,248,892
Tax effect of other charges and allowances	**(23,426,554)**	(7,761,503)
Income tax for the year	**(684,867)**	6,566,885

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:

	2017 **$**	2016 $
Profit attributable to shareholders	**82,966,445**	46,586,193
Weighted average number of ordinary shares	**219,748,725**	200,096,400
Basic and diluted earnings per share	**0.38**	0.23

23. Segment reporting

Segment information for the reporting period are as follows:

	Furniture $	Stationery and Others $	Total $
Revenue	608,863,872	297,641,946	906,505,818
Less: Cost of sales	321,565,075	161,927,309	483,492,384
Gross profit	**287,298,797**	**135,714,637**	**423,013,434**

24. 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:

	2017 $	2016 $
Other loans (Note 14)	**56,814,327**	62,459,045
Owing to Directors (See Note 14)	**413,193**	1,472,320
	57,227,520	63,931,365

iii Transactions with key management personnel

	2017 $	2016 $
Short-term employee benefits – Management remuneration	**45,740,080**	39,334,720
Total	**45,740,080**	39,334,720

25. Expenses by nature

Total direct, administrative and other overhead expenses:

	2017 $	2016 $
Cost of inventories recognised as an expense	**483,492,384**	363,402,612
Administrative and general expenses		
Directors' remuneration	**41,438,416**	39,334,720
Directors' fees	**4,301,664**	-
Employee benefits (Note 26)	**131,625,010**	99,990,037
Rent	**6,017,620**	6,257,293
Utilities	**4,545,623**	3,633,647
Auditor's remuneration	**1,665,000**	1,320,000
Motor vehicle expense	**15,138,504**	14,713,366
Repairs and maintenance	**15,483,543**	12,834,535
Legal and professional fees	**1,554,892**	205,730
Asset declaration and annual return fees	**200,000**	300,000
Security	**1,930,712**	2,751,362
Insurance	**3,248,106**	3,045,255
Donations and subscriptions	**964,429**	319,722
Bank charges	**3,842,517**	3,071,687
Other administrative expenses	**4,671,533**	5,621,958
Total	**236,627,569**	193,399,312

	2017 $	2016 $
Selling and promotional costs		
Advertising	**15,345,135**	14,602,161
Commission	**46,111,180**	36,239,960
Travelling and entertainment	**10,087,355**	8,454,077
Other	**715,833**	-
Total	**72,259,503**	59,296,198

26. Employee benefits

	2017 $	2016 $
Salaries and wages	**100,440,687**	77,188,782
Statutory contributions	**20,224,310**	14,984,854
Staff benefits	**10,960,013**	7,816,401
Total	**131,625,010**	99,990,037

There were one hundred and ten (110), (2016 – ninety-three (93)) employees at year end.

27. 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$332,161 (2016 - US$444,253) which were subject to foreign exchange rate changes as follows:

Concentrations of currency risk

	2017 **US$**	2016 US$
Financial assets		
- Prepayments	**214,546**	149,042
- Bank and cash	**1,368**	2,046
Financial liabilities		
- Other loans	**(454,514)**	(486,287)
- Trade and other payables	**(93,561)**	(109,054)
Total	**(332,161)**	(444,253)

The above assets/liabilities are receivables/payables in United States Dollars (US$). The exchange rate applicable at date is J$123.61 to US$1 (2016 - J$128.44 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% (2016 – 6%) 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 $
2017	**4**	**(1,642,337)**
2016	6	(3,423,588)

If the JA Dollar strengthens against the US Dollar by 2% (2016 – 1%) this would have the following impact:

	Rate %	Strengthens $
2017	**2**	**821,168**
2016	1	570,595

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% (2016 – 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 %	Weakens $
2017	**1**	**(643,287)**
2016	1	(384,360)

If the interest rate decrease by 1% (2016 – 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 %	Weakens $
2017	**1**	**643,287**
2016	1	384,360

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

The company faces credit risk in respect of its trade and other receivables and cash and cash equivalents. There is significant concentration of credit risk in trade and other receivables. However, this risk is controlled by close monitoring of these assets by the company. In addition, cash and bank balances are maintained with licensed financial institutions considered to be stable. 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:

	2017	2016
	$	$
Investments	**1,500,000**	-
Trade and other receivables	**130,673,742**	87,500,057
Bank balance	**8,042,008**	4,929,377
Total	**140,215,750**	92,429,434

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

	2017	2016
	$	$
Not more than 3 months	**103,061,273**	67,792,921
More than 3 months but not more than 6 months	**14,562,224**	15,123,809
More than 6 months but not more than 1 year	**8,181,248**	3,183,446
More than 1 year	**2,134,913**	1,399,881
Total	**127,939,658**	87,500,057

However, at the end of the reporting period a maximum of $600,000 per Commercial Bank is insured under the Jamaica Deposit Insurance Scheme (JDIS).

The company does not require collateral or other credit enhancements in respect of trade and other receivables.

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, 2017, 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	**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**	**-**

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	23,010,424	15,425,529	-
Other loans	4,080,931	58,378,114	-
Finance lease	12,157,215	16,863,356	-
Owing to directors	1,472,320	-	-
Trade and other payables	79,168,850	-	-
Total	119,889,740	90,666,999	-

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.

28. 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, 2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Financial assets				
Quoted securities	745,028	-	-	745,028
Total	**745,028**	**-**	**-**	**745,028**

The company's other financial assets and financial liabilities are measured at amortised cost, and the fair values for these are disclosed at Note 29.

(ii) The following table shows the Levels within the hierarchy of non-financial assets measured at fair value on a recurring basis at December 31, 2017:

December 31, 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Property, plant and equipment				
Land and buildings	-	-	255,000,000	255,000,000
Total	**-**	**-**	**255,000,000**	**255,000,000**

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**

29. 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:

	2017 $	2016 $
Financial assets		
Available - for - sale	**1,500,000**	-
Investments	**1,500,000**	-
Financial assets		
Loans and receivables		
Trade and other receivables	**130,673,742**	87,500,057
Bank and cash	**8,297,006**	5,184,375
Total	**138,970,748**	92,684,432
Financial liabilities		
Borrowings	**41,075,921**	15,425,529
Other loans	**56,814,327**	58,378,114
Finance lease	**6,557,005**	16,863,356
Financial liabilities measured at amortised cost		
Bank overdraft	**-**	638,290
Trade and other payables	**85,092,897**	79,168,850
Owing to directors	**413,193**	1,472,320
Current portion of borrowings	**23,252,767**	23,010,424
Current portion of other loans	**-**	4,080,931
Current portion of finance lease	**12,691,135**	12,157,215
Total	**225,897,245**	211,195,029

30. 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.

STATIONERY & OFFICE SUPPLIES LTD.

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Form of Proxy

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 ______________________________________ 2018:

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.

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