



CARIBBEAN
FLAVOURS &
FRAGRANCES
LIMITED



ANNUAL REPORT 2020
**RESILIENCE
AMID TURMOIL**



Mission Statement

Caribbean Flavours and Fragrances Limited is dedicated to providing its customers with Flavours and Fragrances of the highest Quality and Functionality. We will maintain consistency in our batches through Internal and External Quality Systems.

We Endeavour to ensure that our customers, our employees and all our stakeholders are satisfied by our daily efforts to “TEASE THE SENSES”

Our Vision

Through God’s guidance to become a major company with world class performance standards, demonstrating the highest levels of integrity in all business practices and interactions with customers, suppliers, employees and the society at large.

Our Values

- Our Word is our bond
 - We go the Extra Mile for all our stakeholders with a spirit of Love
 - We are always Transparent
 - We work Together to achieve our goals
 - We accept Responsibility
 - We display the highest Ethical Standards at all times
 - We strive for Excellence in all that we do, we understand that actions speak louder than words.
- Therefore at Caribbean Flavors & Fragrances:
- We inspire trust.
 - We keep it simple.
 - We are open and inclusive.
 - We tell it like it is.
 - We lead from the head and the heart.
 - We discuss. We decide. We deliver.



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Chairman's Report



My Fellow Shareholders

The year 2020 was a very testing and challenging year for business given the many issues that have arisen as a result of the Covid-19 pandemic. Economies around the world have suffered in many ways as a result of the reduction in demand for products, logistics issues, shortages of raw materials and reduced working hours due to the many restrictions that have been imposed by countries due to the pandemic. Many of the smaller businesses that we serve have been forced to close their doors permanently whilst others continue to operate at a reduced scale.

Caribbean Flavours and Fragrances Limited has been very fortunate having achieved its best financial year, as well as accomplished many firsts despite the pandemic and the many global challenges. Despite Covid-19 and the contraction of global and local markets, we were able to record significant improvements in our operational performance, as well as take the time to invest in the improvement of the physical plant. In seeking new ways to become more innovative and efficient and to diversify our product offerings, the Company was able to respond in a nimble manner by developing and marketing its own hand sanitizer as a response to the overwhelming need seen in the local market.

In 2018, we invested heavily in FlavorFit, a sugar reduction solution that we had promoted and brought to market in response to the public policy goal for sugar reduction in beverages sold to the general public and in schools. Although the Government of Jamaica projected stringent fast-track implementation and strict enforcement of the policy, enforcement in the schools and general marketplace lags way behind with only a handful of beverage manufacturers producing reduced sugar drinks. The Company wrote off approximately J\$20 million in inventory of FlavorFit as a result of the expiry of the base raw materials.

CFF has recorded its best financial performance for the year ending December 31, 2020. Revenue for the year was J\$593.793 million, an improvement of 28.39% compared to the previous year J\$462.462 million.

This result was due primarily to four factors:

1. **Increased demand by the market for ginger-based products**
2. **Increased demand for cleaning agents as a response to the pandemic**
3. **Development of the Company's hand sanitizer to meet market demand**
4. **Exceptional one-off special orders**

Despite Covid-19 and the contraction of global and local markets, we were able to record significant improvements in our operational performance, as well as take the time to invest in the improvement of the physical plant.



The gross profit reported for the year was J\$190.581 million, an improvement of 36.95% as compared to the J\$139.160 million of the previous year ending 31 December 2019. Significant price increases from our suppliers, as well as increased logistics costs negatively impacted our pricing during the period under review. Notwithstanding, stringent and vigilant cost monitoring and containment mediated the impact on the financial results. The net profit before tax reported for the year was J\$96.512 million reflecting an improvement of 162.21% as compared to the J\$36.807 million reported for the previous year.

At CFF, we are committed to constantly seeking new ways to become more innovative, efficient and agile with the ability to diversify our product offerings and our markets. We continue to build on small successes in the export segment of the business and expect this to improve as markets reopen. We will continue to strive to provide new quality products at world class standards, always at the best quality and competitively-priced. The Company was also recertified during the year with the Safe Quality Food Certification (SQF), the hallmark for quality in our sector.

The Board wishes to thank our dedicated management team and employees for their commitment and dedication during this year, as well as our shareholders, customers and other key stakeholders for their continuous support. We continue to expand our business and live by our motto to 'Tease the Senses'.

Howard Mitchell, CD, JP
Chairman



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting of Caribbean Flavours and Fragrance Limited (the “Company”) will be held on Thursday, October 7th. at 10:00 a.m. at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, Jamaica, to consider and if thought fit, pass the following resolutions:

Ordinary Business: Resolutions 1 – 4

1. To receive the Reports of the Board of Director and the Audited Accounts of the Company for the financial year ended December 31, 2020.

Resolution 1: Audited Accounts

“**THAT** the Audited Accounts for the year ended December 31, 2020 together with the reports of the Board of Directors and the Auditor thereon be and are hereby adopted.”

2. To re-elect the retiring Directors.

The Directors retiring by rotation pursuant to the Company’s Articles of Incorporation are Messrs. Howard Mitchell, Derrick Cotterell and Ian Kelly, who being eligible offered themselves for re-election.

Resolution 2a: Re-appointment of Howard Mitchell

“**THAT** the retiring Director Howard Mitchell, be re-elected as a Director of the Company for the ensuing year.”

Resolution 2b: Re-appointment of Derrick Cotterell

“**THAT** the retiring Director Derrick Cotterell, be re-elected as a Director of the Company for the ensuing year.”

Resolution 2c: Re-appointment of Ian Kelly

“**THAT** the retiring Director Ian Kelly, be re-elected as a Director of the Company for the ensuing year.”

3. To fix the remuneration of the Directors.

Resolution 3: Directors’ Remuneration

“**THAT** the Board of Directors of the Company be hereby authorized to fix the remuneration of the Directors of the Company.”

4. To approve the payment of a final dividend.

Resolution 4: Final Dividend Payment

“**THAT** a dividend payment of \$0.025 per ordinary stock unit paid to the stockholders on September 11, 2020 be and is hereby approved as the final dividend for that year.”

Special Business: Resolution 5

5. To pass a resolution in accordance with **section 154 (5)** to appoint the auditing firm of Baker Tilly, Chartered Accountants as the new independent auditor of the Company.

“**THAT** the Auditing firm of Baker Tilly Strachan Lafayette, Chartered Accountants of 14 Ruthven Road, Kingston 10, Jamaica be appointed Independent Auditor of the Company, with effect from November 20, 2020 until the conclusion of the next Annual General Meeting, in place of the audit firm of McKenley & Associates, Chartered Accountants, be hereby approved.”

AND

“**THAT** the Directors be authorized to fix their remuneration.”

BY ORDER OF THE BOARD



Ian Kelly
Company Secretary

Dated this **24** day of **August** 2021

Note: A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company

Five-Year Statistical Review

INCOME STATEMENT	2016 (J\$ '000)	2017 (J\$ '000)	2018 (J\$ '000)	2019 (J\$ '000)	2020 (J\$ '000)
Revenues	362,500	410,636	674,298	462,462	593,753
Gross Profit	134,695	167,942	242,108	136,160	190,581
Total Operating Expenses	72,196	95,012	148,250	117,241	121,134
Profit before Taxation	74,070	82,877	118,085	36,807	96,512
Net Profit	74,070	82,877	115,881	31,500	82,299

BALANCE SHEET	2016 (J\$ '000)	2017 (J\$ '000)	2018 (J\$ '000)	2019 (J\$ '000)	2020 (J\$ '000)
Average Total Assets	262,228	336,100	407,233	518,545 ²	599,119 ²
Average Working Capital	224,967	298,826	365,985 ¹	460,189	416,331
Total Assets less Current Liabilities	273,354	324,297	428,868 ¹	512,341 ²	547,954 ²

IMPORTANT RATIOS	2016 (J\$ '000)	2017 (J\$ '000)	2018 (J\$ '000)	2019 (J\$ '000)	2020 (J\$ '000)
Gross Profit Margin	37.16%	40.90%	35.91%	29.44%	32.10%
EBITDA Margin	17.49%	21.12%	18.75%	9.47%	14.53%
Profit before Taxation Margin	20.43%	20.18%	17.51%	7.96%	16.25%
Current Ratio	14.85	9.79	9.94 ¹	9.11	9.13
Quick Ratio	10.99	7.15	7.07 ¹	5.83	6.53
Debt-to-Equity	0.00	0.14	0.12 ¹	0.31 ²	0.30 ²

1 Restated items

2 Adjusted for IFRS9 Accounting for Leases

Corporate Information

REGISTERED OFFICE

Caribbean Flavours and Fragrances Limited
 226 Spanish Town Road, Kingston 11
 Telephone: 1 (876) 923-5111 / 1 (876) 923-8777 | Fax: 1 (876) 923-4323
 Email: info@cffjamaica.com | Website: www.caribbeanflavoursjm.com

ATTORNEYS-AT-LAW

Alexander Williams & Co.
 Unit 6A, Seymour Park, 2 Seymour Avenue,
 Kingston 6, Jamaica

AUDITORS

Baker Tilly
 14 Ruthven Road,
 Kingston 10, Jamaica

REGISTRAR

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

BANKERS

National Commercial Bank
 211 Spanish Town Road,
 Kingston 11

Sagicor Jamaica Ltd.
 17 Dominica Drive, Kingston 5

First Global Bank
 28 - 48 Barbados Avenue,
 Kingston 5

JMMB Investments
 6 Houghton Terrace, Kingston 10

Scotia Investments
 7 Holborn Road, Kingston

BOARD OF DIRECTORS

Executive Directors

Derrick Cotterell, M.B.A, B.Sc (Hons)
 Managing Director

Ian Kelly, CPA, M.Sc (Hons), B.Sc (Hons)
 Chief Financial Officer and
 Company Secretary

Anand James, M.A, B.A, JP
 Technical Consultant

Non-Executive Directors

Howard Mitchell, CD, JP
 Chairman of the Board of Directors

Clive Nicholas, CD, FCA
 Deputy Chairman

Wilford "Billy" Heaven, OD, JP
 Director

Carlton Samuels, B.Sc (Hons), M.S. Dip(ES)
 Director

Tania Waldron-Gooden, M.B.A, B.Sc
 Board Mentor

SENIOR OFFICERS

Derrick Cotterell, M.B.A, B.Sc (Hons)
 Managing Director

Ian Kelly, CPA, M.Sc (Hons), B.Sc (Hons)
 Chief Financial Officer

Janice Lee, EMBA, Post Grad Dip (Admin), Dip(Education)
 General Manager

Anand James, M.A, B.A, JP
 Technical Consultant

Rhonde-Gaye McPherson, M.Sc, B.A.
 Quality Assurance Manager

Christopher Carless, M.B.A, B.Sc (Computer Science)
 Chief Accountant

Rechal Turner, B.Sc (Environmental Sciences)
 Operations Manager

Directors' Report

The Directors of Caribbean Flavours and Fragrances Limited present their report for the twelve (12) month period ended December 31, 2020, to all our shareholders. This report outlines many of the major accomplishments and achievements of this Company for this financial year since our historical listing on the Junior Market of the Jamaica Stock Exchange in October 2013.

We are extremely proud of our financial and operational accomplishments given the many challenges experienced during this global pandemic, including logistics, raw materials shortages, restricted work hours due to the government imposed Covid-19 protocols and the closure of schools, all which impacted and reduced the demand for raw materials by many of our customers. However, despite these many challenges, the strategic and focused approach implemented by the Board and Management was evident given the performance and financial outturn for this financial year.

The Statement of Comprehensive Income shows revenue of J\$593.753 million, Gross Profit of J\$190.581 million and profit before tax of J\$96.512 million. Given that the Company is in its second year of the last five years of the Junior Market tax incentive programme, taxation of J\$14.213 million was paid on profits reported for this reporting period. Dividends totaling J\$22.48 million were also paid out to shareholders during this reporting period.

During this financial period, our Company made major strides in the areas of:

- Increased our exports of fragrances and flavours to many of our customers within the region.
- Continuous retooling and upgrades to our Manufacturing plant thereby increasing capacity.
- New product development and availing The Jamaica Bureau of Standards grade hand sanitizers to the market in a commercial way.
- Successfully achieved Safe Quality Foods recertification

Many of the negative impacts from the global pandemic have been converted into opportunities for our Company during this financial year. Innovations and first mover advantage continue to be one of our critical success factors and this continued throughout the reporting period.



Given that we are a science-based organization, and whilst Covid-19 restricts travelling, our training was switched to online learning and the development of our teams was greatly intensified.



We ensured that most opportunities presented were capitalized on, while working closely with our supply chain partners to ensure that raw material delays were minimized and that the scheduling of staff was effectively done thereby minimizing the possibilities of Covid-19 spread and infection amongst the team. Our Team did exceptionally well during a particularly challenging period for the economy.

We continue to work closely with our customers within the local and regional markets despite Covid-19 and have expanded our growth in markets such as Suriname and Trinidad. Several of our new developments have been accepted by many of our local partners, and we remain confident that post the Covid-19 pandemic and the reopening of many economies that these developments will filter to our revenue in the short to medium term.

As we evolve, and build our manufacturing capacity and efficiencies, the continuous improvement in our Research and Development capabilities remains paramount. Given that we are a science-based organization, and whilst Covid-19 restricts travelling, our training was switched to online learning and the development of our teams was greatly intensified.

The Board will continue to provide the desired policy directions and oversight thereby ensuring that we deliver what we promise to our customers and make the necessary policy changes given the new operating environment. Our customers and suppliers are assured that we will not only meet, but also exceed their expectations, as we continue our journey to provide quality products to new and existing customers.

Directors

The Directors of the Company as at December 31, 2020 are Messrs.

- [Howard Mitchell](#)
- [Anand James](#)
- [Clive Nicholas](#)
- [W. "Billy" Heaven](#)
- [Carlton Samuels](#)
- [Derrick Cotterell](#)
- [Ian Kelly](#)

The mentor of the Company continues to be [Mrs. Tania Waldron-Gooden](#).

Auditors

The Auditors of the Company, Baker Tilly of 11 Cargill Avenue, Kingston 5, Jamaica.

We acknowledge and extend our sincerest appreciation for the dedication, commitment and hard work of our members of staff and thank our customers, suppliers and all stakeholders for their support during the past year. We know that many were negatively impacted by the Covid-19 pandemic, but we have demonstrated through our policy changes and support that we are all in for the long haul.

We remain committed to providing the best products and customer service to our customers and look forward to their continued support for the foreseeable future.

For and on behalf of the board

Howard Mitchell, CD, JP
Chairman

Board of Directors



Howard Mitchell,
CD, JP
Chairman

A lawyer by profession, Mr. Howard Mitchell maintained a successful Commercial Law Practice for thirty-five (35) years, with concentrations in Mining Law and Taxation, before retiring in 2010.

Mr. Mitchell has demonstrated a strong commitment to Public Service for decades and was appointed to the Board of the National Housing Trust (NHT) in 1987 and again served as Chairman from February 2008 to June 2012. He serves as a Justice of the Peace (JP) and in 2017 was awarded the Order of Distinction (Commander Class) for outstanding service to Business and the Public Sector.

He is the immediate past Chairman of the Council of the Institute of Jamaica and the Jamaica Accountability Meter Portal and has also served as Chairman on numerous statutory boards across a wide range of government ministries over the past twenty years (including the Coffee Industry Board). Mr. Mitchell has also negotiated a number of mining agreements on behalf of the Government of Jamaica.

Currently he is:

- **Director of Issa Trust Foundation (Couples Hotels)**
- **Director of the Bank of Jamaica (BOJ)**
- **Director of Jamaica Packaging Industries Limited**
- **Director of SCL (Jamaica) Ltd**
- **Director of Nationwide News Network**
- **Director of Mustard Seed Communities**
- **Chairman of Caribbean Flavours and Fragrances**
- **Chairman of Chicken Mistress Ltd (Trading as Island Grill)**
- **Chairman of All Jamaica Air Services (AJAS) Limited**

- **Chairman of TM Traders Ltd**
- **Chairman of Strategic Alignments Limited**
- **Chairman of Mona School of Business Management UWI**
- **Chairman of the National Health Fund Board of Management**
- **Chairman of the Jamaica Railway Corporation Enterprise Team**
- **Chairman of the Regulated Agricultural Commodities Appeal Tribunal**
- **Director of Bank of Jamaica**

His contribution to Private Enterprise also includes the resuscitation of the Sports Development Agency (SDA) to become the Jamaica Lottery Company Limited (operators of Jamaica's first successful private lottery) and the co-founder of the Sports Development Foundation (SDF) (which was the forerunner of the CHASE Fund), as well as the establishment of Jamaica's largest packaging manufacturing plant, Corrpak Jamaica Ltd., before selling that company in 2016.

Mr. Mitchell is the immediate past President of the Private Sector Organization of Jamaica (PSOJ) and a Director of the Jamaica Manufacturers and Exporters Association.

Mr. Mitchell's philanthropic activities include his financial support of numerous charities and his membership on the Boards of Mustard Seed Foundation, the Issa Trust Foundation and his former Chairmanship of St. Patrick's Foundation.

His interests include fishing and traveling. He has been married for over 44 years and has 2 daughters.



Clive Nicolas,
CD, FCA
Deputy Chairman

Mr. Clive Nicolas is a Tax Consultant and Chartered Accountant who retired as the Director General for Tax Administration after over forty (40) years of combined service to the Income Tax Department, the Revenue Board, the General Consumption Tax Department and the Ministry of Finance and Planning. He is also a graduate of Harvard Law School and was awarded the Order of Distinction (Commander Class) for his services to Jamaica.

Mr. Nicolas is the Chairman of the Land Taxation Relief Board, a Director of the Financial Sector Adjustment Company Limited, Financial

Institutions Services Limited, Kingston College Development Trust Fund, Caribbean Flavours and Fragrances Ltd, Public Accountancy Board, Marjoblac Limited, and a trustee of the Jamaica Church Pension Scheme. He has also served as a Director of Container Services Limited and a Commissioner of the Betting Gaming and Lotteries Commission.



Derrick Cotterell,
M.B.A, B.Sc (Hons)
Executive Director

As Managing Director, Derrick is responsible for the strategic direction and growth of the Company. Derrick has significant experience in general management, sales, marketing, and procurement. He is also the Group Chief Executive Officer of Derrimon Trading Company Limited and Woodcats International Limited.

He is presently the Chairman of Derrimon Trading Company Limited and sits on the boards of all subsidiaries. He is also a board member of Dupont Primary and the Governor General of Jamaica's "I Believe Initiative" which

seeks to improve the lives of young Jamaicans. Derrick is also a Deacon at his Church.

Derrick is a graduate of the University of the West Indies and Florida International University, where he attained a Bachelor of Science in Management Studies and a Master of Business Administration respectively.



Ian Kelly, CPA, M.Sc
(Hons), B.Sc (Hons)
Company Secretary

Ian is adept at finance and risk management with senior level experience in treasury, asset management, correspondent banking, corporate finance and securities trading. He serves as the Group Chief Financial Officer for the Derrimon Group of Companies and also as Company Secretary for both Caribbean Flavours and Fragrances Limited and Woodcats International Limited.

He is also Divisional Director for Sampars. He is a Certified Public Accountant (CPA) and holds both Bachelor and Master of Science degrees in Accounting from The University of the West Indies and has completed the Executive

Development Program at Wharton Business School, the University of Pennsylvania. He serves on several Boards which includes Derrimon Trading Company Limited, Woodcats International Company Limited, FosRich Group of Companies and MF&G Asset Management Limited.

Ian is also the Chairman of The Governor General Jamaica Trust, TyDixon Primary School and Reggae Marathon.



Anand James,
BA. MA. JP.
Executive Director

Mr. James is a founding Shareholder and Director of Caribbean Flavours and Fragrances Limited. He has over thirty years of experience in the Flavours and Fragrances field, having started his career in 1998 with Bush Boake and Allen Jamaica Limited. He also served as the Regional Safety Manager of the later Company with operations in Brazil, Argentina, Chile, Colombia and Mexico.

Mr. James also worked in the BBA subsidiary Jamaica Extracts Limited extracting Ginger oils and Oleoresin and also Pimento leaf oil. Mr.

James spearheaded the Initial Public Offering of CFF in 2013 and now serves as Consultant Director of the Company. He is also a founder and Director of Spurtree Spices Jamaica Limited as well as AMJ Agro processors Guyana Inc.

Mr. James is a graduate of the University of the West Indies and gained both his BA. And a MA. From that institution



W. Billy Heaven,
OD, JP
Executive Director

W. Billy Heaven is the Chief Executive Officer of the CHASE Fund, a post he assumed in 2003. Prior to this he served as a Small Medium-sized Enterprise (SME) Consultant and Executive Director of the National Development Foundation of Jamaica.

A knowledgeable and experienced senior executive, Mr. Heaven has a wealth of experience in the areas of management, corporate restructuring, finance and strategic planning. With respect to his private sector experience, Mr. Heaven has worked as an Accountant, Management Accountant and Financial Controller with local and multi-national corporations.

In addition to his vast experience in the business sector, Mr. Heaven is an educator, having served the teaching profession for many years after graduating with distinction in Teaching from Mico University College. A graduate of the University of the West Indies he holds a B.Sc. Accounting (Hons.) and a MBA from that institution. He also holds post graduate diplomas for Senior Executives and has been exposed to extensive executive training at the Development Bank of Canada and the financial sector in Ireland.

Mr. Heaven has been the recipient of the Government of Jamaica Scholarship to pursue Senior Management Executive programme

and the Canadian International Development Agency (CIDA) Scholarship to pursue the MBA programme.

Mr. Heaven is the recipient of many awards; including the prestigious Carmen Latty Cup for the most resourceful teacher. He has been recognized by Kiwanis International, the Rotary International and the Former Citizens Bank. Mr. Heaven was awarded the Governor General's Achievement Award, Mico's 175th Anniversary Award and the Mico Gold Award and The Order of Distinction in the rank of Officer class (OD).

Mr. Heaven presently serves as:

- **President of the Jamaica Cricket Association**
- **Director of the West Indies Cricket Board**
- **Chairman of Finance Committee - CWI**
- **Vice President of the Courtney Walsh Foundation**
- **Deputy Chairman of the Special Olympics of Jamaica**
- **Trustee of JTA Critical Illness Trust Fund**
- **Director of Caribbean Flavors and Fragrances**
- **Member of National Council of Sports**
- **Justice of the Peace – St. Andrew**



Carlton Samuels,
B.Sc (Hons),
M.S. Dip(ES)
Non-Executive Director

Mr Samuels is an international consultant with an extensive body of work in areas of strategy and governance with a focus on ICT4D and technology in education. He is also actively involved in defining telecommunications policy and regulation as well as Internet policy via the policy development process of the Internet's Domain Name System. He is also an adjunct in Information Science in the Department of Library and Information Studies in the Faculty of Humanities and Education at The University of the West Indies, Mona.

Carlton has served on several high-level international panels of strategic importance such as the Strategy Panel reviewing ICANN's role in the Internet Governance Ecosystem and the Expert Working Group, Panel for Next Generation Registration Data Directory Services for the Internet (EWG), and Panel on

Competition, Consumer Confidence and Trust in the Domain Name System Review Team (CCT RT). He was formerly a Vice-Chair of ICANN's At-Large Advisory Committee (ALAC) and a founding Director of the Caribbean Internet Forum. He has held several senior executive positions in private sector and academic environments, most recently as CIO and University Director of IT at The University of the West Indies.

He serves on several Boards and Committees related to education, library and information. These include HEART/NTA, JAMLIN, Kingston High School and Tivoli Gardens High School. He is a past Chair of the National ICT Advisory Council of Jamaica and serves on the ICT Council for Public Sector ICT Governance and Operations.



Tania Waldron-Gooden,
MBA, B.Sc.
Board Mentor

Effective October 1, 2020, Tania Waldron-Gooden was appointed Deputy Chief Executive Officer of Caribbean Assurance Brokers Limited. She brings to the organization fourteen years of experience in areas such as Investment Banking, Research, New Product Development, Pension Fund and Portfolio Management.

Tania Waldron-Gooden was previously the Director-Investment Banking and Executive Director at Mayberry Investments Limited. Tania is the Mentor and Director of Main Event Entertainment Group and Express Catering Limited, and the Mentor for Derrimon Trading Company Limited and Caribbean Flavours and Fragrances Limited. She is also a Director of Chicken Mistress Limited and Island Grill Holdings Limited.

As the Mentor to various companies, she is responsible for providing the Board with support in establishing proper procedures, systems, and controls for its compliance with the Jamaica Stock Exchange Rule requirements for financial reporting, good corporate governance, and the making of timely announcements.

Tania holds a Bachelor of Science degree (BSc. - Hons.) in Geology from the University of the West Indies. Tania also holds a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K. Tania has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute.



Disclosure of Shareholdings

Top 10 shareholdings for CARIBBEAN FLAVOURS & FRAGRANCES LTD. ORDINARY SHARES
As at
December 31, 2020

Top (10) Stockholders	Number of Shares Held
DERRIMON TRADING CO. LTD.	584,653,270
DIGIPOINT LIMITED	79,220,030
NIGEL COKE	34,865,620
IDEAL GLOBAL INVESTMENT LTD	30,968,610
IAN C. KELLY	23,228,140
MAYBERRY MANAGED CLIENTS ACCOUNT	23,137,193
TROPICAL BATTERY COMPANY LIMITED CONTRIBUTORY PENSION SCHEME	10,208,000
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	9,729,450
KONRAD BERRY	9,633,330
SAGICOR SELECT FUND LIMITED - ('CLASS C' SHARES)	7,212,860

Total Issued Capital:	899,200,330
Total Units Owned by Top 10 Shareholders:	812,856,503
Total Percentage Owned by Top 10 Shareholders:	90.3977%

Directors	Number of Shares Held
DERRICK COTTERELL	0
ANAND JAMES	0
IAN C. KELLY	23,228,140
CLIVE C. NICHOLAS	1,000,000
CARLTON E. SAMUELS	500,000
HOWARD MITCHELL	4,443,950
WILFORD HEAVEN	0

Senior Managers	Number of Shares Held
IAN C. KELLY	23,228,140
ANAND JAMES	0
JANICE LEE	110,000
RHONDE MCPHERSON	0
CHRISTOPHER CARLESS	0
RECHAL TURNER	0

Connected Parties	Number of Shares Held
IAN C KELLY (DIRECTOR OF DERRIMON TRADING LTD)	23,228,140
DERRICK COTTERELL (DIRECTOR OF DERRIMON TRADING LTD)	0

Hand Sanitizer

DISTRIBUTED BY



**CARIBBEAN FLAVOURS
AND FRAGRANCES LTD.**



Pink Lemonade Cordial

DISTRIBUTED BY



CARIBBEAN FLAVOURS
AND FRAGRANCES LTD.



Sorrel Juice Cordial

DISTRIBUTED BY



CARIBBEAN FLAVOURS
AND FRAGRANCES LTD.



Ginger Beer Cordial

DISTRIBUTED BY



CARIBBEAN FLAVOURS
AND FRAGRANCES LTD.



Management Discussion and Analysis

The management of Caribbean Flavours and Fragrances Limited (CFF) are responsible for the presentation and integrity of the Management Discussion and Analysis (MD&A). The audited financial statements for the period ended December 31, 2020, should be read in conjunction with the MD&A for the reader to gain full clarity of CFF's results.

2020 Overview

2020 was a year which proved to be beyond our greatest expectations as CFF had its best year on record with no low periods. This was achieved during a time when the world 'shut down' for nearly three (3) months and had several restrictions on movements and actions which could be executed during the year. The team at CFF rose to the occasion and ensured that customers not only had a consistent supply of our products, but that we were able to provide new products such as hand sanitizers to the local market when there was a market shortage.

Year in Review


Jamaica's economic fortunes from fiscal prudence and attractive economic headwinds left many to believe that 2020 was going to be a year where the country would record its strongest year of real GDP growth. Unemployment had reached an all time low of 7.3%. Jamaica had experienced its best year of tourism arrivals on record and the government's policy stance was becoming more accommodative through the reduction or removal of certain distortionary business costs. However, these conditions which were ripe for prosperous economic development vanished as the first confirmed case of the Corona Virus was identified on March 10 - this sent the country into a panic.

Numerous business deals and events were being cancelled and frantic consumers scrambled to stock up on any essential items including cleaning products and food for the upcoming measures which were to be implemented in the coming weeks. This perfect storm dragged not only the financial markets into disarray but also pushed Jamaica to its darkest financial hour in its modern history.

Although this was a time of survival for many companies, CFF activated its business continuity plan and held committee meetings to discuss the Company's strategy in this environment. Apart from instituting more hygiene protocols, certain members of the administrative staff stayed home to reduce the number of people present in the office at any time. The Company also saw its new reduced sugar product take a disproportionate hit as several manufacturers lost key markets and didn't need to order these inputs for their processes at the moment.



The IMF has projected that Jamaica's real GDP should increase by 1.5% in 2021 with several local bodies projecting GDP growth to be well above 6%.



Amid the uncertainties and all of the evolving moments, CFF remained committed to serving Jamaica and many other Caribbean markets. This led to the development of our newest and most innovative product to date which was a liquid hand sanitizer solution. After being developed within a short window, CFF received the necessary approval certification from the Bureau of Standards (BSJ) to deploy the product to the market. As a result of panic buying and hoarding in some cases, alcohol-based products and sanitizer products flew off the shelves at record speed, this caused a problem for health facilities and general businesses which needed to protect staff and customers from the unknown virus. Our hand sanitizer product filled an immediate gap in the market and was extremely well received in the context of a shortage in the country.

CFF also worked with its main customers who pivoted to more stay-at-home goods which were being taken up in high droves by their associated customers. This led to the Company being able to experience all round growth in all of its known business lines. As the economy began to reopen, CFF continued to take a cautious but optimistic stance as the pandemic remained a threat to the country and many businesses. We continue to focus on our export business as we look to diversify our revenue and provide downward protection from any associated fallout in the local market which we serve.

Macroeconomic Environment

Even with global growth slowing and economic activity progressively slowing in Jamaica towards the end of 2019, there was no expectation that 2020 would be the worst year on record for Jamaica, much less the world. Projections were that Jamaica would see an initial Gross Domestic Product (GDP) decline of 5.6% by the International Monetary Fund (IMF) but the country suffered a 9.9 per cent drop in GDP for 2020. The second quarter saw a 18.4% drop in GDP which is the biggest decline on record. This was in the context that economic activity across several sectors such as hotels and restaurants, transport, storage and communication, manufacturing and other services remained muted for most of the year. Manufacturing saw a 0.4% decline in the fourth quarter with the goods producing sector recording a 0.2% increase for the period. Even with economic activity returning slowly for the remainder of the year, the labour force lost about 74,300 jobs between January 2020 – January 2021 despite the unemployment rate being 8.9%. The Small Business

Association revealed that 35 percent of its 300 plus member base had closed their doors permanently. Calendar year inflation was 6.4% with point to point inflation for December 2020 ending at 5.2%. The Jamaican dollar depreciated by 7.60% against the United States Dollar to \$142.64 with a new record in August 2020 being set as the JMD eclipsed the \$150:US\$1:00 for the first time.

This economic shock came at a time when the Government of Jamaica (GOJ) was continuing its expansionary fiscal policy which included reducing general consumption tax by 150 basis points to 15%, increasing expenditure on infrastructure across the country, improving public services and Debt to GDP to under 100 per cent once again. The GOJ was divesting more state-owned assets through the Jamaica Stock Exchange which was expanding Jamaica's investor base which had been relatively flat for decades. GOJ's budgeted plans had several measures which were meant to improve the formalization of businesses in Jamaica.

The IMF has projected that Jamaica's real GDP should increase by 1.5% in 2021 with several local bodies projecting GDP growth to be well above 6%. The IMF projects that the global economy should increase by 6.0% which should be driven by a 5.1% increase in advanced economies and 6.7% in emerging markets and developing economies. Latin America and the Caribbean is expected to see a 4.6% recovery in GDP as well. A major driver of this will be a successful vaccination campaign along with open borders to facilitate commerce once again. Jamaica isn't expected to see a proper recovery to pre-COVID-19 levels until 2023 based on the changing environment. Fitch has maintained a B+ rating with a stable outlook for Jamaica at the start of March. This is in conjunction with the government projecting a 0.3% surplus in its 2021 – 2022 budget.

Financial Performance Highlights

Caribbean Flavours and Fragrances is a business which provides key components needed to produce goods for major manufacturing and service-based businesses. This is seen from the Company's main customers who provide goods consumed daily across the country and provide the fragrances which are used in household and sanitary products. As a research driven company led by the principles of science, CFF serves an approximate market share of more than 60% that continues to benefit from our expanded portfolio of products.

Apart from bulk and small container products sold to small customers, CFF also produces in quantities of 1000 litre containers and other specialized volumes for our largest customers. Despite our business being smaller than the typical medium sized company from our staff compliment, we form a very critical part to the landscape of the local beverage market which can be seen from our revenue base standing above the \$450 million mark. CFF is the largest distributor in the region for our affiliate International Flavours and Fragrances which also sees us acting as the regional company in the global representative space. This has been supported by CFF's Safe Quality Food Certification (SQF) which enables the Company to export anywhere in the world. CFF continues to be regulated and monitored by the Bureau of Standards of Jamaica (BSJ) and The Ministry of Health (MOH).

Despite introducing our FlavorFit product to the beverage market which was expected to comply with the new Ministry of Health Guidelines on sugar content in drinks, the take up of our product was impaired due to the situation which arose from these new measures introduced to combat effects of the virus. Although we had an uptake of the product by some of our manufacturing customers, the take up by their consumers was very lukewarm as they still chose the product with higher sugar content. The other competing businesses within the space didn't comply with the changes to the guidelines which resulted in an imbalance in the supply chain. Apart from some manufacturers not being prepared for this shift, the non-compliance put them at a disadvantage. This resulted in CFF recording a sizable write down in our inventory related to this product. Even though the market remains lucrative due to the continued push by the MOH and other institutional bodies, the lack of monitoring and compliance of manufacturers limits the reach of this product since our customers have to balance the potential risk from creating these low sugar products for a non-existent market.

CFF had other notable victories in the year which included the renewal of our Safe Quality Food Certification. As a business that is focused on growing our external market space, this renewal proved that CFF is a competent firm in following globally recognized best practices. CFF will continue to be an outlier as we remain one of the few local food based businesses which has taken the necessary steps to compete on a larger international stage.

The Company exports to Barbados, St. Kitts, Trinidad and Tobago, Guyana, Grenada, Suriname, Canada and Dominica. We remain committed to exploring new market opportunities for the new fiscal year.

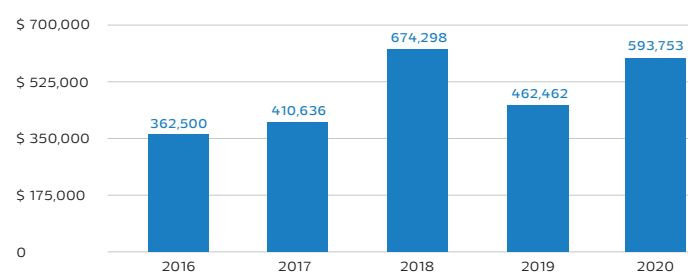
We continue to take a disciplined approach to our operating model and the implementation of our strategic plan even during the pandemic. Our internal controls continue to be our guide as we deliver quality products in improved response time to our

customers. The Board and management remain focused on innovation and new product development, implementation of new strategies geared at customer satisfaction and retention, revenue enhancement, new market penetration and strategic alliances which have created synergies and value. The Company continues to experience stronger revenue growth in various segments of our business due to these drivers even in a global pandemic.

Revenue

Revenue for CFF's 2020 Financial Year (FY) increased by a staggering 28% to \$593.75 million over the \$462.46 million reported in 2019. The introduction of the sanitizer during the second quarter combined with the needs by many customers to increase production for some products augured well for top line growth. The second quarter alone saw a 42% rise in our sales when the market shortage for sanitation products was at an all time high. However, the Company's reduced sugar product performed below expectations and contributed less than was projected and desired.

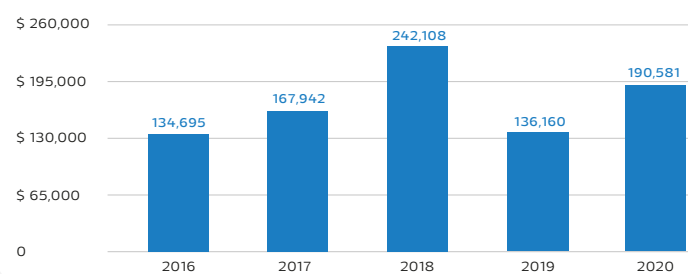
Revenues



Gross Profit

Gross profit increased by 37% from \$139.16 million to \$190.58 million during the 2020 FY. Although commodity prices initially collapsed at the start of the COVID-19 pandemic, many of our associated costs such as raw materials saw a drastic increase in price such as ethanol. This was further compounded by a surge in external costs as shipping prices and logistic costs which eclipsed general expectations of most global firms. Despite having solid agreements with international partners who we source our key components from, they were unable to absorb these increases in procurement expenses and this is expected to remain at these abnormally high levels as the global supply chain currently remains in a fragile state.

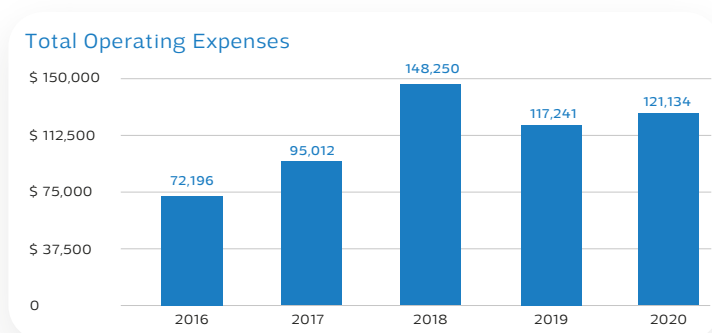
Gross Profit



Given these market developments, CFF had no choice but to pass on some of these costs where possible in the future to our customers. We will continue to evaluate same and to take a phased approach in order to ensure that we remain competitive while servicing our customer base. The overall gross profit margin improved from 30% to 32% during this reporting period

Operating Expenses

Total expenses for the 2020 FY amounted to \$121.13 million compared to the \$111.06 million incurred in the prior year. General depreciation charges related to our right of use asset on our lease and fixed assets increased to \$6.35 million and \$5.59 million respectively. Due to the COVID-19 pandemic, the need for adjustment in cost such as entertainment, motor vehicle expenses, repairs and maintenance and travelling expenses was very evident.



These cost reductions were strategic given that there was the need for a full revision in costs as part of the cost containment strategy which was implemented. The areas which experienced the greatest year-on-year increase were staff costs which grew by 19% to \$43.86 million and sanitation which were directly driven by new operating protocols. Apart from the general increase in salaries for members of staff, the Company's requirement to meet increased demand resulted in more man hours being recorded for the time. The other components of staff costs such as statutory contributions, casual labour, staff welfare and training and travelling allowance saw minimal upwards movement. Staff welfare was deemed to be of the utmost importance during a time when fears were heightened amid the current environment surrounding the pandemic and the necessary assistance was provided

These measures resulted in CFF's operating profit rising by 157% to \$72.31 million for the 2020 financial year. This is the best performance in the history of this Company and we intend to improve on same in the coming years.

Finance Income and Taxes

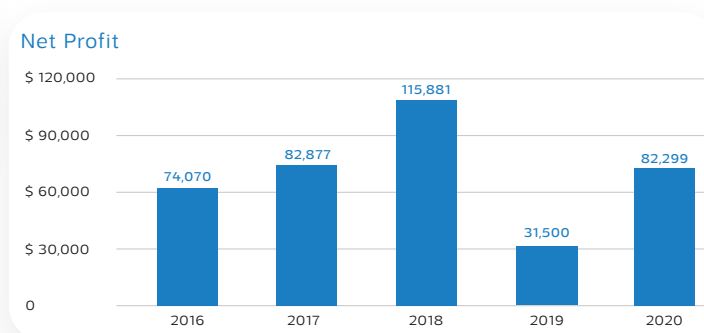
Net Finance income grew by 178% to \$24.21 million due to the Company's export business bringing in substantial amounts of foreign exchange coupled with the general depreciation of the Jamaican Dollar during the year. Foreign exchange gains

reported for the period was \$29.78 million versus the \$13.83 million in the prior financial year.

The Company's income tax bill jumped from \$5.31 million to \$14.21 million which was due to the Company's higher profit before taxation. CFF is now in the second phase of the Junior Market's 10-year tax remission, the Company benefited from a 50% reduction on its normal taxation rate of 25%. CFF will continue to benefit from the Junior Market tax provision until its 2023 financial year.

Net Profit

Net profit for the Company totalled \$82.3 million representing a 161% rise over the 2019 financial year. This result reflected the outcome of us being able to immediately respond and navigate a crisis successfully. The containment of general expenditure relative to the speed of revenue growth confirmed CFF's true abilities for a Company with a staff complement of twenty (20). As a result of the Company's stock split, the adjusted earnings per share for CFF was \$0.09 compared to the \$0.04 in the prior Financial Year.



Balance Sheet Management

CFF's total assets grew by 13% to a record \$635 million with current assets sharply rising by 14% to \$529.08 million. Cash and cash equivalents saw the most improvement as we ended the year 31% stronger at \$295.43 million which was invested in mostly US Dollars. Cash at bank and on hand ended the year at its highest levels of \$57.23 million, which was a 396% increase over our prior year. Short term deposits closed the period at \$238.2 million. This was largely supported by our superior cashflow from operations which stood at \$82.14 million. Despite receivables growing by 20% year over year to \$79.71 million, the Company's expected credit loss (ECL) provision remained the same as CFF currently has no lifetime ECL's. CFF reduced its total inventory on book to \$150.72 million as the Company decreased its imported goods for resale while recording a \$22.3 million write off of its Flavour-fit products during the year.

Although non-current assets grew by 6% to \$105.94 million, the net book value of our core property plant and equipment rose by 23% to \$22.73 million.

CFF spent \$11.8 million on new additions which included \$9.52 million on plant, machinery, furnitures and fixtures.

Total liabilities increased by 9% to \$145.02 million as both current and non-current liabilities rose during the year. Non-current liabilities grew by 6% to \$87.06 million which consisted mainly of the Company's recognition of a \$3.55 million deferred tax liability during the year along with a remeasurement of our lease liability to \$83.51 million. As the Company's loan with First Global Bank should be fully repaid by August 2021, there was no long-term loan recognition for non-current assets. Current liabilities rose by 14% to \$57.96 million which was due to a taxation bill of \$9.10 million at the end of the 2020 FY. Otherwise, payables and the current portion of our long-term loan declined to \$42.13 million and \$2.08 million respectively. The current portion of our lease liability marginally increased to \$4.65 million.

Shareholder's equity soared by 14% to \$490 million which was a feature of CFF's outstanding performance in 2020. The Company made a Dividend payment of 22,480,000 during the financial year to its shareholders whilst the Company's leverage position stood at a debt to equity ratio of 0.0042 which declined below the 0.01 recorded in the 2019 Financial Year.

Stock Price

Although CFF has performed quite well since our listing on the Junior Market on October 14, 2013, the stock price has not adequately reflected this in the same sense. This has led to CFF being classified as illiquid or as a less appealing option because of the lower comparative gains to be derived from owning the stock. With the top 10 owning 90.40% of CFF with other shareholders owning 9.60%, the CFF board proposed a 10 to 1 stock split to shareholders at our 2020 annual general meeting. This proposal was approved with CFF's stock splitting effective on October 13 from \$18.45 to \$1.85. The split was done through the increase of issued share capital of the Company from 89,920,033 to 899,200,330. As a result of this measure, CFF's stock has traded almost everyday on the market with higher pre-split volumes as more persons become shareholders in the Company.

CFF's stock ended the year up despite the COVID-19 shock in March which saw the stock hitting a 2 year low of \$0.80 (\$8.00 pre-split). The stock hit an all time high in October of \$3 in a post-split price. Against the comparable indices which all experienced a decline, CFF's price increased by 7.33% relative to the start and end of 2020.

	High	Low
Q1	1.70	0.90
Q2	1.40	0.80
Q3	2.25	1.05
Q4	3.00	1.35

Since listing in 2013 at \$2.25 (\$0.23), CFF has returned \$1.20 (\$0.12) in dividends to shareholders which is a 53% return to investors who purchased at the initial public offering. CFF has paid a consistent \$0.25 (\$0.025) dividend for the last four (4) Financial Year which equates to a payment of \$22,480,000 per year. With a dividend policy of 25%, the Company has maintained its commitment to shareholders to return capital in cash dividends.

Risk Management

The risk management policy framework which has been established by the Board of Directors continues to be a critical part of the daily operations of Caribbean Flavours and Fragrances Limited. The management team are the key drivers in the management, operational and enterprise risks within the framework of the policy and are reviewed by the Audit Committee and the Board of Directors. The implementation of various strategies of managing and controlling inventory and cash are reviewed and trends are analysed.

A full evaluation of our risk is performed at every level of operation to ensure that all of the known elements of risk are effectively managed and mitigated. The various enterprise risks are measured and managed, standards are maintained, thorough inspection of raw material inputs and further testing at the completion of the manufacturing process ensures higher levels of standardisation product quality control.

Activities such as receiving of raw materials in our stores; implementation of monthly and full quarterly cycle counts of the inventory; enhancements of the disbursement procedures for fragrances; internal auditing of our cash and cashiers' daily lodgement; ratio analysis conducted on the monthly and quarterly financial statements have been critical to the effective management of our processes and overall improved business performance.

	December 2020	December 2019	% Change
JSE Index	395,614.93	509,916.44	-22.42
Junior Market Index	2,643.38	3,348.97	-21.07
JSE Combined Index	392,435.92	505,253.98	-22.33
M&D Index	82.83	99.68	-16.90
CFF Stock Price	1.61	1.50	7.33

The requirement for achieving and retaining the Safe Quality Food Certification contributed to the decision to undertake an ongoing audit of our processes and facility, thereby providing effective findings and actionable recommendations for eliminating risks.

In addition to the various reviews being done by the management team, the oversight given by the internal and external audit team serves to focus the Audit Committee in ensuring that our corporate governance objectives for effectively managing risks are met. The areas of insurance and insurable risk are reviewed at all times ensuring that coverage is adequate and reflects the changing nature of the business.

Guided by the findings of both the internal audit and external audit, we continue to benefit from strong internal controls. 2020 saw us having high levels of focus on the areas of cash sales, credit sales, aging accounts receivables and management of the inventory process. The Company maintains key analysis of prevailing exchange rates and increased logistical costs which exist in the prevailing environment.

To ensure shareholder benefits and business continuity in the event of catastrophic occurrences, the implementation of robust internal measures to increase the security of our assets as well as the safeguarding of proprietary trade secrets, customer's relationship and the data availability and assurance infrastructure have been undertaken.

The Company will continue to manage its risks to protect its employees, assets and the interests of all its stakeholders.

Outlook & Future

Caribbean Flavours and Fragrances has a set of strategic initiatives which will be executed in the 2021 Financial year. One of these items will be to grow our export market as a percentage of our sales but this is dependent on improvement in general logistics movements and the opening up of many economies. CFF wants to increase its exports to at least 10% of sales which will see the company diversifying even at a greater pace, its revenue base. Part of this has already been executed with the Company acquiring a new customer in the fragrance business line. With Derrimon Trading Company Limited having a presence in New York through a specialty supermarket and food distributor, CFF will be utilizing this expanded network and new linkage to reach a broader target market. This synergy with our parent company will allow us to further leverage Derrimon's distribution network to achieve our core targets.

With our sorrel cordial being a success in 2020, the Company will be continuing with the strategy of extracting unique Jamaican flavours. Jamaica offers a varied selection of unique plants which we believe has value to our overall business. Transforming a seasonal product into a prepared cordial puts the Company

in a position to be the main business for our various customers to create new products. Our capacity to extract these flavours through the Scientific Research Council's verification and research serves as a strong springboard to expand our export business.

We will be expanding our fragrance business through the use of complementary products which has been part of our 5-year strategy. The growth is encouraging and more work will continue in this area to ensure that this area contributes more to the business' total revenue. The success of our sanitizer product demonstrates that the Company can fully capitalize on a crisis but also provide it as a secondary product to our customers. Though the Company has not revealed the full elements of this strategy, it is something that we intend to explain as needed to shareholders while we build out this plan.

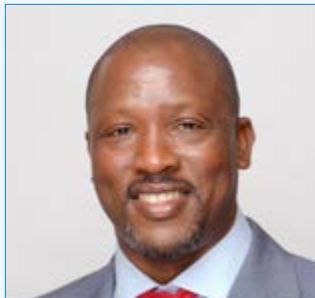
The recovery of the Jamaican economy will depend on a vibrant, open environment where ordinary citizens will be able to get back to 'normal'. With more of the developed world increasing their vaccination rates past the 50% mark, it is expected that the increased tourism inflows will restore the business activity of Jamaica's intricate links from the sector. This further extends to the manufacturing and other service sectors which should benefit from a full open environment. This should translate to higher sales as our customers increase their production levels to match strong pent-up demand of the population. Despite the economy opening up at various levels, we expect that our sanitizer product will remain in high demand as persons and businesses maintain higher sanitation standards. COVID-19 has fundamentally shifted the viewpoint of the world especially on the need to for prevention of potential modes of exposure to bacteria and viruses. Due to the continued depreciation of the Jamaican Dollar, increased logistical and supply costs, CFF will pass on these costs to our customers.

We will continue to maintain our focus on research and development which is a critical part of our continued business expansion whilst improving efficiencies and attracting new customers in existing and new markets. As a business with no debt, strong business partnerships and strong capital resources, CFF will be able to navigate not only the COVID-19 pandemic in an even better fashion but will also open new avenues for the business to explore development in other areas. Along with our new business opportunities achieved in 2020, CFF expects to perform at greater levels than last year as the Company continues to surpass the expectations of shareholders.

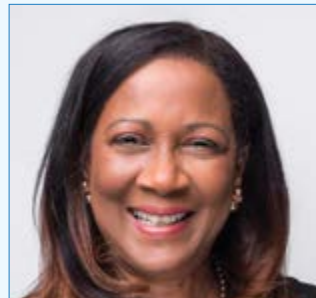
Management Team



Derrick Cotterell
Managing Director



Ian Kelly
Chief Financial Officer



Janice Lee
General Manager



Christopher Carless
Chief Accountant



Anand James
Technical Consultant



Rhonde-Gaye McPherson
Quality Assurance Manager



Rechal Turner
Operations Manger



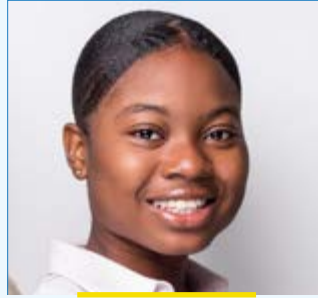
Our Team



Sherene Ormsby
Administrative Assistant



Janique McKenzie
Business Development
Officer



Brittany Walters
Junior Accountant



Gary Stewart
Warehouse Supervisor



Joddian Howard
Product Development
Officer



Khia Sterling
Customer Service/Sales



Andrew Ferguson
Driver



Sheryl Palmer
Lab. Tech



Keisha Reid
Factory Attendant

Natalie Walker
Factory Attendant

Joan Simmonds
Factory Coordinator



Romario Bhalai
Warehouse Attendant



Myoka Lynch
Cashier



Alando Reid
Bearer



Iris Graham
Office Attendant



Richard Hamilton
Warehouse Attendant



Ackeem Hepburn
Warehouse Attendant



Rohan Donaldson
Truck Assistant

Corporate Governance

The Board's overarching responsibility is to ensure that the management and operations of Caribbean Flavours and Fragrances Limited (CFF) continue to drive the positive financial trajectory of the Company, resulting in increased shareholder value in the interests of all stakeholder groups. This responsibility is exercised by approval of policies as well as the active monitoring and evaluation of the management practices of the Company, inclusive of decision-making processes.

The Covid-19 pandemic has changed the way that business is conducted, perhaps irrevocably. Our Board has adapted to many of the changes whilst ensuring that the policy and oversight responsibilities are effectively carried out. The adaptation to changes in the decision making and the way that meetings are held from the usual face to face interactions to the use of digital platforms has been adopted and effectively utilized in the decision-making process of both the Board and all Board Committees. Even with these changes, compliance with Corporate Governance Policies and Framework remains and is given the highest priority. The many constraints imposed by Covid-19 did not deter adherence to the core values upon which Caribbean Flavours and Fragrances Limited was established.

The provision of entrepreneurial leadership, strategic direction and guidance are critical components of long-term corporate viability and success. The Board embraces its roles in creating and maintaining long-term shareholder confidence, delivering value and exceeding the expectation of its shareholders, employees, stakeholders and the wider community. We continue to utilize the several Board Committees to provide thought leadership and robustly monitor the financial policies, business strategies, internal controls and risk management policies. The Board is committed to ensuring transparency and accountability in the operations of the business and keeping abreast of the disruptive trends wrought by technology with its impact on profitability and safe production practices.

The Board of Directors is made up of experienced professionals with diverse skills sets and knowledge acquired from various professional backgrounds. The combination of almost two hundred years of aggregate experience they bring to the Board ensures that decisions of the Board and Board Committees are grounded objectively and that all such decisions protect the interests of all stakeholders and the long-term success of the Company, both financially and socially.

All members of the CFF team are expected to faithfully adhere to the Company's policies and procedures and execute their daily activities at the highest standards of ethical conduct, thereby ensuring compliance with the rules of the Jamaica Stock Exchange and the laws and regulations of Jamaica.

Board Composition

For the reporting period ended 31 December 2020, the Board was comprised of seven (7) members, four (4) of whom were independent members. The membership is as follows:

1. Howard Mitchell - Independent (Chairman)
2. Wilford "Billy" Heaven - Independent
3. Clive Nicholas - Independent
4. Carlton Samuels - Independent
5. Anand James - Executive Director
6. Derrick Cotterell - Executive Director
7. Ian Kelly - Executive Director

The Company continues to utilize the services of Mrs. Tania Waldron-Gooden as its external mentor keeping with the mandate of the Jamaica Stock Exchange Junior Market rules. She continues to provide valuable insights and guidance, ensuring that the governing rules and regulations are adhered to.

The full Board met four (4) times during the financial year via the Zoom digital platform to deliberate on policy matters as well as to review management's stewardship.

The table below outlines the Directors attendance:

Name of Directors	No. of Meetings Attended
Howard Mitchell - Chairman	4
Clive Nicholas	4
Wilford "Billy" Heaven	4
Carlton Samuels	4
Anand James	2
Derrick Cotterell	4
Ian Kelly	4

In executing its duties and exercising its responsibilities, the Board was enabled by the following Board Committees:

Audit Committee

The Committee had a total of five (5) meetings during the twelve (12) months period being reported and executed the following:

- Reviewed and recommended budgets for approval by the Board of Directors
- Reviewed the integrity of the monthly, quarterly unaudited financial statements, dividend recommendations and audited annual financial statements
- Reviewed the effectiveness of internal controls and risk management systems and other matters that fall within its mandate, inclusive of inventory cycle counts, receivables aging management and their findings
- Reviewed the formal announcements relating to the Company's financial performance to the Jamaica Stock Exchange and the timeliness of same
- Reviewed and maintained the independence, objectivity and effectiveness of the relationship with the external auditor.
- Developed the recommendation to the full Board of Directors for the payment of a Dividend to shareholders.
- Made recommendations to the Board of Directors in relation to the reappointment of the external auditors, their remuneration and other terms of engagement.

The meetings and record of attendance of the Audit Committee is outlined in the table below:

Audit Committee Members	No. of Meetings Attended
Clive Nicholas - Chairman	5
Wilford "Billy" Heaven	5
Ian C. Kelly	5
Janice Lee - Attendee	5

Compensation Committee

The Compensation committee advises and recommends the Company's compensation and benefits package and programs for directors and senior executives to the Board. The Committee met once during the year to review these matters and its recommendation was made to the Board. The composition of this Committee is as follows:

Compensation Committee Members	No. of Meetings Attended
Carlton Samuels - Chairman	1
Clive Nicholas	1
Wilford "Billy" Heaven	1
Anand James	1

Strategic Development and Planning Committee

The Committee's main focus includes the monitoring of the trends in CFF's business, vertically and environment, identifying opportunities and threats and building strategies to mitigate these threats by exploiting opportunities to grow the business with science and technology-infused product output. That remit is now being exercised by assessing many opportunities linked to local value-added production of select primary agricultural products like ginger, turmeric and pimento. The Committee has determined that CFF's interests and objectives are best advanced within a multi-stakeholder collaboration framework and are now actively engaged in those discussions with at least one promising commercial entity for partnership. Seven (7) meetings were held in the period of review, three onsite at premises of the candidate strategic commercial partner and two with the regulatory partner. Two (2) technical assessments were also commissioned and executed by a technical services provider. The members of this Committee are:

- Howard Mitchell
- Anand James
- Carlton Samuels
- Derrick Cotterell

EXTERNAL AUDITOR

Baker Tilly was appointed as external auditors during the reporting period ended 31 December, 2020 and are auditors of record for the auditing of the financial operations during said period. They have maintained a professional approach towards meeting timelines for the auditing and submission of the required statements and were compliant with the rules of the Jamaica Stock Exchange and the Companies Act. There were no reported incidents of fraud or any irregularities either from the exercise of the internal controls or the work of our external Auditor.

Howard Mitchell, CD, JP
Chairman





Corporate Social Responsibility

We all can agree that 2020 was unlike any other year that the world has ever seen since the pandemic of 1918. To say that the world was caught unaware and therefore not prepared is putting it mildly. Many companies worldwide were closed, some temporary and the new mode of operations via the digital space has been the norm. For us in Jamaica, it was no different. In fact, we continue to struggle with the lack of business activities as the government tries to balance the impact of the Covid-19 pandemic with the economic realities whilst trying to balance with people's livelihood. This has resulted in many persons losing jobs and many small businesses closing their doors. Small business has been an important customer base of Caribbean Flavours and Fragrances.

Despite this new norm, we at Caribbean Flavours and Fragrances (CFF) remain committed to ensuring that we continue to be good corporate citizens in taking care of the environment, the less fortunate in the communities adjacent to our operations, education, as well as our children. We remained resolute in ensuring that our Directors, Management and Staff operate within strong and sound business ethics, while we serve the business community. Selfless service is one of the tenets on which our entire operation is built.

With great uncertainties, we collectively braced for any eventualities that would arise while keeping focused on continuous improvement and development. At the start of this pandemic there was a shortage of hand sanitizer on the local market; without hesitation the Team at Caribbean Flavours and Fragrances was quick on developing food safe liquid sanitizers. We ensured that it met the full requirements of the Bureau of Standards and is listed for trade on the National Compliance Regulatory Authority's (NCRA) website.

Being relevant and involved, community building is a big part of the Company's corporate strategy, therefore the Company donated hand sanitizers of substantial value to the Jamaica Constabulary Force and various other communities within and outside the Penwood area. We also supplied the End Time Basic School and National Baptist Schools with sanitizers while they were open.

In addition to providing hand sanitizers, we prepared care packages, and these were given to over fifty (50) students and teachers within the communities. These care packages contain food items and toiletries, and they were well received

We remained resolute in ensuring that our Directors, Management and Staff operate within strong and sound business ethics, while we serve the business community. Selfless service is one of the tenets on which our entire operation is built.



by students, teachers, and parents. We remain humbled by the reach of our corporate contributions; each one can reach one.

The development of our staff is of paramount importance and we continue to provide various exposure opportunities in the form of training, scholarships and bursaries, opportunities to not only members of staff but as well as an internship program to individuals who are in need. We believe that when we assist an individual to equip themselves through learning we are providing them with an opportunity for nation building and also procuring a brighter future for our youths.

We at Caribbean Flavours and Fragrances Limited recognize that our people are our greatest asset therefore we freely give. A journey of a thousand steps begins with one and we remain focused on helping others when we can, while we can.



Financial Statements

Independent Auditor's Report

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INDEPENDENT AUDITORS' REPORT

To the Members of
Caribbean Flavours and Fragrance Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Flavours and Fragrances Limited ("the Company") set out on pages 1 to 42, which comprise the statement of financial position at 31 December 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants' (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other matter

The financial statements of Caribbean Flavours and Fragrances Limited for the year ended 31 December 2019, were audited by another firm of auditors whom expressed an unmodified opinion on those financial statements on 27 February 2020.

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PARTNERS: Wayne Strachan; FCA;FCCA;MBA Emile Lafayette; FCA;FCCA;MBA PRINCIPAL: Roxiana Malcolm-Tyrell; FCA;FCCA;MBA

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INDEPENDENT AUDITORS' REPORT

To the Members of
Caribbean Flavours and Fragrance Limited
Page 2

Report on the audit of the Financial Statements

Our Audit Approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. During the audit, we encountered no key audit matter for disclosure.

Other information

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

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.

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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
Caribbean Flavour & Fragrances Limited
Page 3

Report on the audit of the Financial Statements (continued)

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 to cease operations, or has no realistic alternative but to do so.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
Caribbean Flavours and Fragrances Limited
Page 4

Report on the audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the director, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those 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 the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matter 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 these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstance, 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.

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
Caribbean Flavours and Fragrances Limited
Page 5

Report on the audit of the Financial Statements (continued)

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been 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 Jamaica Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' opinion is Wayne Strachan

Baker Tilly

Chartered Accountants
Kingston, Jamaica
25 February 2021


Caribbean Flavours and Fragrances Limited

Statement of Financial Position As at 31 December 2020

	Note	2020 \$'000	2019 \$'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	22,728	18,551
Right-of-use asset	6	83,208	81,083
		<u>105,936</u>	<u>99,634</u>
Current Assets			
Inventories	7	150,721	166,897
Receivables	8	79,711	66,366
Taxation recoverable		3,222	4,671
Cash and cash equivalents	9	295,426	225,653
		<u>529,080</u>	<u>463,587</u>
TOTAL ASSETS		<u><u>635,016</u></u>	<u><u>563,221</u></u>
EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	10	56,200	56,200
Retained earnings		433,797	373,978
		<u>489,997</u>	<u>430,178</u>
Non-Current Liabilities			
Deferred tax liabilities	11	3,550	-
Long term loan	12	-	2,014
Lease liability	6	83,512	80,149
		<u>87,062</u>	<u>82,163</u>
Current Liabilities			
Payables	13	42,130	44,680
Taxation		9,102	-
Current portion of long term loan	12	2,077	2,819
Current portion of lease liability	6	4,648	3,381
		<u>57,957</u>	<u>50,880</u>
TOTAL EQUITY AND LIABILITIES		<u><u>635,016</u></u>	<u><u>563,221</u></u>

Approved for issue by the Board of Directors on 25 February 2021 and signed on its behalf by:


W. Billy Heaven Director


Clive Nicholas Director

Caribbean Flavours and Fragrances Limited

Statement of Comprehensive Income Year ended 31 December 2020

	Note	2020 \$'000	2019 \$'000
Revenue	14	593,753	462,462
Cost of sales		(403,172)	(323,302)
Gross profit		190,581	139,160
Unrealised gains on investments valued at fair value		2,860	-
Selling and distribution through profit and loss	15	(6,197)	(3,404)
Administrative expenses	15	(114,937)	(107,656)
Operating profit		72,307	28,100
Finance income, net	18	24,205	8,707
Profit before taxation		96,512	36,807
Taxation	19	(14,213)	(5,307)
Net profit for the year, being total comprehensive income		82,299	31,500
Earnings per share	20	\$0.09	\$0.04*

*Restated for comparative purposes

Caribbean Flavours and Fragrances Limited

Statement of Changes in Equity Year ended 31 December 2020

	Share capital	Retained earnings	Total
	\$'000	\$'000	\$'000
Balance at 31 December 2018	56,200	364,958	421,158
Total comprehensive income	-	31,500	31,500
Dividends (Note 21)	-	(22,480)	(22,480)
Balance at 31 December 2019	56,200	373,978	430,178
Total comprehensive income	-	82,299	82,299
Dividends (Note 21)	-	(22,480)	(22,480)
Balance at 31 December 2020	56,200	433,797	489,997

Caribbean Flavours and Fragrances Limited

Statement of Changes in Cash Flows Year ended 31 December 2020

	2020	2019
	\$	\$
CASH RESOURCES WERE PROVIDED BY/(USED IN)		
Cash Flows from Operating Activities		
Profit before taxation	96,512	36,807
Items not affecting cash:		
Prior year non cash adjustment	-	(2,812)
Depreciation	7,624	6,476
Amortization of right-of-use asset	6,345	5,592
Interest income	(1,206)	(1,579)
Interest expense	360	520
Lease interest expense	6,418	6,181
Foreign exchange gain	(29,777)	(13,829)
	86,276	37,356
Changes in operating assets and liabilities:		
Decrease/(increase) in inventories	16,176	(36,035)
(Increase)/decrease in receivables	(13,167)	29,998
Decrease in payables	(1,280)	(1,492)
Cash provided by operating activities	88,005	29,827
Taxation paid	(112)	(876)
Interest paid	(6,778)	(6,701)
Interest received	1,028	1,579
Net cash provided by operating activities	82,143	23,829
Cash Flows from Investing Activity		
Purchase of plant and equipment	(11,801)	(3,831)
Net cash used in investing activity	(11,801)	(3,831)
Cash flows from Financing Activities		
Loan repayments	(2,756)	(5,742)
Lease liability principal repayments	(3,840)	-
Dividends paid	(22,480)	(22,480)
Net cash used in investing activities	(29,076)	(28,222)
Increase/(decrease) in cash and cash equivalents	41,266	(8,224)
Net effect of foreign currency translation cash and cash equivalent	28,507	13,829
Cash and cash equivalents at the beginning of the year	225,653	220,048
CASH AND CASH EQUIVALENT AT END OF YEAR	295,426	225,653
Represented by:		
Cash at bank and in hand	57,231	11,546
Short term deposits	238,195	214,107
	295,426	225,653

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

1. Identification and Principal Activities

Caribbean Flavours and Fragrances Limited (“the Company”) was incorporated under the Companies Act of Jamaica and domiciled in Jamaica. The Company is listed on the Junior Market of the Jamaica Stock Exchange.

The company’s registered office is located at 226 Spanish Town Road, Kingston 11.

Its principal activity is the manufacture and distribution of flavours, mainly for the beverage, baking and confectionery industries. The Company also manufactures fragrances primarily for household and general cleaning and sanitation purposes.

These financial statements are presented in Jamaican dollars, which is the functional currency.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes.

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in Note 4.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations

The following standard have been adopted by the company for the first time which have been issued and are effective for mandatory adoption for the financial year beginning on or after 1 January 2020 and have a material impact on the company:

Definition of a Business – Amendments to IFRS 3 (effective for Business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020). The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Definition of Material (Amendments to IAS 1 and IAS 8) The amendments clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards. The amendment further clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses material in the context of the financial statements as a whole. The standard also states that the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the Company's operations (continued)

Revised Conceptual Framework for Financial Reporting (effective for annual periods beginning on or after 1 January 2020). The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. These new standards include increasing the prominence of stewardship in the objective of financial reporting. It also includes changes in reinstating prudence as a component of neutrality. Further key changes include defining a reporting entity, which may be a legal entity, or a portion of an entity and revising the definitions of an asset and a liability as well as removing the probability threshold for recognition and adding guidance on de-recognition

The standard further includes changes to adding guidance on different measurement basis and stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements

The standard clarifies that no changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

Amendments to IAS 19, 'Employee benefits' on 'plan amendment, curtailment or settlement' (effective for annual period beginning on or after 1 January 2020). These amendments require an entity to: use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Entities should also separately recognise any changes in the asset ceiling through other comprehensive income.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards effective in the current year that are relevant to the company's operations (continued)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) Reporting (effective for annual periods beginning on or after 1 January 2020). The changes in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

- modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform;
- are mandatory for all hedging relationships that are directly affected by the interest rate benchmark reform;
- are not intended to provide relief from any other consequences arising from interest rate benchmark reform (if a hedging relationship no longer meets the requirements for hedge accounting for reasons other than those specified by the amendments, discontinuation of hedge accounting is required); and
- require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments.

The amendments did not result in any material effect on the company's financial statements.

Caribbean Flavours and Fragrances Limited**Notes to the Financial Statements
31 December 2020**

2. Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****Standards and amendments to published standards that are not yet effective and have not been early adopted by the company**

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022). In March 2018, the IASB issued the 2018 Conceptual Framework and most references to the Framework included in IFRSs were updated to the 2018 Framework at that time. However, paragraph 11 of IFRS 3 Business Combinations, which continued to refer to the 1989 Framework, was not updated as this could have caused conflicts for entities applying IFRS 3. IASB identified three possible amendments to IFRS 3 that would update IFRS 3 without significantly changing its requirements. The changes in Reference to the Conceptual Framework (Amendments to IFRS 3):

- update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework;
- add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination; and
- add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023) affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability;
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16) (effective for annual periods beginning on or after 1 January 2022) amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37), (effective for annual periods beginning on or after 1 January 2022) specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

Annual Improvements to IFRS Standards 2018–2020 are effective for annual reporting periods beginning on or after 1 January 2022. The IASB issued its Annual Improvements to IFRSs 2015-2017 cycle amending a number of standards:

- IFRS 1 ‘First-time Adoption of International Financial Reporting Standards’ - Subsidiary as a first-time adopter. The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to IFRSs.
- IFRS 9 ‘Financial Instruments’ - Fees in the ‘10 per cent’ test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.
- IFRS 16 ‘Leases’ - Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 ‘Agriculture’ - Taxation in fair value measurements. The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (effective for Business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 June 2020). The International Accounting Standards Board (IASB) has published 'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:

- provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- require lessees that apply the exemption to disclose that fact; and
- require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the company.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

Leasehold property	10%
Leasehold improvements	10%
Plant and machinery, furniture and fixtures, office equipment	10%
Office computer and equipment	33 ^{1/3} %
Motor vehicle	25%

Leasehold improvements are classified as property, plant and equipment.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

Repairs and maintenances are charged to the statement of comprehensive income during the financial period in which they are incurred

(c) Right-of-use assets and lease liabilities

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- (i) Leases of low value assets; and
- (ii) Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(c) Right-of-use assets and lease liabilities (continued)

On initial recognition, the carrying value of the lease liability also includes:

- (i) amounts expected to be payable under any residual value guarantee;
- (ii) the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option;
- (iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

To determine the incremental borrowing rate, the company:

- (i) since it does not have recent third-party financing, uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, and
- (ii) makes adjustments specific to the lease, e.g. term, currency and security.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- (i) lease payments made at or before commencement of the lease;
- (ii) initial direct costs incurred; and
- (iii) the amount of any provision recognised where the company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are assets valued as US\$5,000 or less when new. The company has no short-term leases or leases for low valued assets at this time.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(c) Right-of-use assets and lease liabilities (continued)

Extension and termination options

Extension and termination options are included for the property leased by the company. These are used to maximise operational flexibility in terms of managing the asset used in the company's operations. The extension option is exercisable by the lessee provided that thirty (30) days written notice is given prior to the expiration of the initial term. Either party may terminate the lease on the provision that not less than twelve (12) months' notice in writing is given to the other party.

When the company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is re-measured using the discount rate.
- Applicable on the modification date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

For contracts that both convey a right to the company to use an identified asset and require services to be provided to the company by the lessor, the company has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(d) Inventories

Estimation – Inventories are carried at the lower of cost or net realized value. The estimation of net realized value is based on the most reliable evidence available, at the time the estimates are made, of the amount the inventories are expected to realize.

Additionally, estimation is required for inventory provision due to shrinkage, slow-moving and obsolescence. It is possible, based on existing knowledge, that outcomes within the next financial year that are different from those assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(e) Financial assets

The company classifies its financial assets into the category amortized cost. The classification depends on the purpose for which the financial assets were acquired.

Receivables, cash and equivalents and investments

The company's financial assets measured at amortized cost comprise trade receivables and cash and cash equivalents and investments in the statement of financial position. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturity of three months or less.

These assets arise principally from the provision of goods and services to customers but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(f) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(g) Dividends

Dividends on ordinary shares are recognized in shareholder's equity in the period in which they become legally payable. Interim dividends are due when declared and approved by the directors while shareholders approve final dividends at the Annual General Meeting. Dividends for the year that are declared after the reporting date are disclosed in the subsequent events note.

(h) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

2. Summary of significant accounting policies (continued)

(i) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

(j) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be determined.

(k) Income taxes

Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(l) Financial instruments

Financial instruments carried on the statement of financial position include cash and bank balances, receivables, balances with related parties, payables, balances with directors, lease liabilities and borrowings.

The fair values of financial instruments and the associated risks are discussed in Note 3a.

Caribbean Flavours and Fragrances Limited**Notes to the Financial Statements
31 December 2020**

2. Summary of significant accounting policies (continued)**(m) Foreign currency translation**

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

(n) Revenue recognition**Sale of goods**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of returns, discounts and GCT. The company's revenue is generally derived from selling goods with revenue recognized at a point in time when control of the goods has been delivered to the customer and acceptance by them of the payment invoice. Once the physical delivery of the products to the agreed location and customer has occurred, and the Company is no longer liable for any of the goods, the transaction is considered complete.

Interest income

Interest income and expense are recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

Other operating income

Other operating income, where applicable, includes gains on disposal of assets recognized when the transaction is complete, rental of investment property recognized when earned, and miscellaneous inflows recognized when received and monies lodged to the Company's bank account.

(o) Comparative information

Where necessary comparative figures have been reclassified to conform with changes in presentation.

Caribbean Flavours and Fragrances Limited**Notes to the Financial Statements
31 December 2020**

2. Summary of significant accounting policies (continued)**(p) Related party transactions**

A party is related to the company, if:

- (i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is the company 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 (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

3. Financial Risk Management

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments carried on the statement of financial position include cash and cash equivalents, receivables, payables, related party balances, director's account, lease liabilities and borrowings.

a) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value, also where fair value of financial instruments approximates carrying value, no fair value computation is done.

The carrying values reflected in the financial statements for cash and cash equivalent, trade and other receivables, and trade and other payables are assumed to approximate fair value due to their relatively short-term nature.

The fair value of long-term loans is assumed to approximate carrying value as the loans bear interest at market rates and all other conditions are at market terms.

Quoted equities fair values are based on the bid prices published by the Jamaica Stock Exchange *Determination of fair value and fair values hierarchy:*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

Level 1 -Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 -Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3-Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The company considers relevant and observable market prices in its valuations where possible.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

3. Financial Risk Management

b) Credit risk:

The company takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the company by failing to discharge their contractual obligations. Credit risk is the most important risk for the company's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the company's receivables from customers. The company structures the level of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit review process

Management performs ongoing analysis of the ability of customers and other counterparties to meet their obligations.

Impairment of financial assets

The company has one type of financial asset that is subject to the expected credit loss model which is trade receivables for sales of inventory.

While investment and cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure expected credit losses on a collective basis, trade receivables is grouped based on similar credit risk and ageing.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2020, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Caribbean Flavours and Fragrances Limited**Notes to the Financial Statements
31 December 2020**

3. Financial Risk Management (continued)**b) Credit risk (continued)****Trade receivables**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 90 days past due.

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

As at 31 December 2020, there were no lifetime expected credit losses in respect of the five (5) major customers that comprise 58% (2019 – 73%) of the trade receivables balance.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables and balances due from related parties.

While the other financial assets at amortised cost are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a period of greater than 90 days past due.

At the Statement of Financial Position date, except for cash and cash equivalents, there were no other significant concentration of credit risk and the exposure to credit risk of these financial assets were considered immaterial.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

3. Financial Risk Management (continued)

c) Liquidity risk:

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The company's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining a committed line of credit;
- (iv) Optimizing cash returns on investment.

Undiscounted cash flows of financial liabilities

The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

	1 to 3 months \$'000	4 to 12 months \$'000	1 to 5 years \$'000	Total \$'000	Carrying amount \$'000
31 December 2020					
Payables	41,235	-	-	41,235	41,235
Long-term liabilities	764	1,380	-	2,144	2,077
Lease liability	2,693	8,078	123,866	134,637	88,160
Total financial liabilities	44,692	9,458	123,866	178,016	131,472
31 December 2019					
Payables	44,680	-	-	44,680	44,680
Long-term liabilities	980	2,938	2,075	5,933	4,833
Lease liability	9,325	18,651	107,244	135,220	83,530
Total financial liabilities	54,985	21,589	109,319	185,833	133,043

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

3. Financial Risk Management (continued)

d) Market risk

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates (see 3d (i)), interest rates (see 3d (ii)). The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk exposures are measured using sensitivity analysis. There has been no significant change in exposure to market risks or the manner in which it manages and measures the risk.

(i) Currency risk

The company is exposed to foreign exchange risk arising from exposure primarily to the US dollar and Euro. Foreign exchange risk arises primarily from transactions for purchases, sales and investments. The Statement of Financial Position for the Company as at 31 December 2020 includes net foreign assets of US\$927,277 and €17,613 (2019: US\$857,453 and €17,022) in respect of such transactions.

The following table demonstrates the sensitivity to fluctuations in the exchange rates of the currencies held by the company before tax, with all other variables held constant.

	Change in exchange rate	<u>2020</u>	<u>2019</u>
		<u>\$'000</u>	<u>\$'000</u>
Revaluation	6% (2019 - (10%))	8,001	11,367
Devaluation	2% (2019 - (1%))	<u>(2,667)</u>	<u>(1,137)</u>

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

3. Financial Risk Management (continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company minimises interest rate risk by investing mainly in fixed rate instruments and contracting liabilities at fixed rates, where possible. The company's interest rate risk arises mainly from bank loans.

At the reporting date, the interest profile of the company's interest-bearing financial Instruments were:

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Fixed rate:		
Financial assets	238,017	214,107
Financial liabilities	(90,237)	(88,363)
Financial assets	<u>147,780</u>	<u>125,744</u>

Fair value sensitivity analysis for financial instruments:

The company accounts for some interest bearing financial instrument at fair value, therefore a change in interest rates at the reporting date would affect the carrying value of the company's financial instruments.

Cash flow sensitivity analysis for financial instruments:

A change in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	<u>Increase/(decrease) in profit before tax</u>	
	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
1% (2019:1%) increase	1,478	1,257
1% (2019:1%) decrease	<u>(1,478)</u>	<u>(1,257)</u>

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

3. Financial Risk Management (continued)

e) Capital management:

The policy of the company's Board of Directors is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business and ensure it continues as a going concern.

The company considers its capital to be its total equity inclusive of unappropriated profits and capital reserves. The company's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the company as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Directors regularly review the financial position of the company at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is the total of long-term loans and bank overdraft less related party loans, if any. Total capital is calculated as equity as shown in the company's statement of financial position plus debt. The gearing ratios at the year-end based on these calculations were as follows:

	2020	2019
	\$'000	\$'000
Debt: long-term loan	2,077	4,833
Equity	489,997	430,178
Total Capital	492,077	435,011
Gearing ratio	0.42%	1.11%

Caribbean Flavours and Fragrances Limited**Notes to the Financial Statements
31 December 2020**

4. Critical accounting estimates and judgements in applying accounting policies

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the Credit risk note.

(ii) **Income taxes**

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain during the ordinary course of business. In cases of such uncertainty, the company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

(iii) **Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) **Fair value of financial assets**

The management uses its judgment in selecting appropriate valuation techniques to determine fair values of financial assets adopting valuation techniques commonly used by market practitioners supported by appropriate assumptions (note 3(a)).

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

5. Property, plant and equipment

	Leasehold property \$'000	Leasehold Improvements \$'000	Plant, Machinery, Furniture & Fixtures \$'000	Office Computer & Equipment \$,000	Motor Vehicle \$'000	Total \$'000
Cost -						
1 January 2018	3,413	4,621	14,103	1,145	16,281	39,563
Additions	-	-	3,831	-	-	3,831
31 December 2019	3,413	4,621	17,934	1,145	16,281	43,394
Additions	-	1,831	9,524	446	-	11,801
31 December 2020	3,413	6,452	27,458	1,591	16,281	55,195
Depreciation -						
1 January 2018	3,413	493	7,322	479	6,660	18,367
Charge for year	-	462	1,787	157	4,070	6,476
31 December 2019	3,413	955	9,109	636	10,730	24,843
Charge for year	-	645	2,187	722	4,070	7,624
31 December 2020	3,413	1,600	11,296	1,358	14,800	32,467
Net book value -						
31 December 2020	-	4,852	16,162	233	1,481	22,728
31 December 2019	-	3,666	8,825	509	5,551	18,551

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

6. Right-of-use asset

(i) Amounts recognized in the Statement of Financial Position

The statement of financial position shows the following amounts relating to leases: -

Right-of-use asset

	2020	2019
	\$'000	\$'000
Balance as at beginning of the year	81,083	86,675
Re-measurement based on variable lease payment	8,470	-
Amortization	(6,345)	(5,592)
Balance as at end of year	83,208	81,083

Lease liability

	2020	2019
	\$'000	\$'000
Balance as at beginning of the year	83,530	-
Initial application of IFRS 16	-	86,675
Re-measurement based on variable lease payment	8,470	-
Lease payments	(10,258)	(9,326)
Interest expense	6,418	6,181
Balance as at end of the year	88,160	83,530

	2020	2019
	\$'000	\$'000
Current	4,648	3,381
Non-current	83,512	80,149
Balance as at end of year	88,160	83,530

(ii) Amounts recognized in the Statement of Comprehensive Income

The statement of profit or loss shows the following amounts relating to leases:

	2020	2019
	\$'000	\$'000
Amortization charge of right-of-use assets (included in administrative expenses)	6,345	5,592
Interest expense (included in finance cost)	6,418	6,181

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

6. Right-of-use asset (continued)

(iii) Amounts recognized in the Statement of Changes in Cash Flows

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Total cash outflows for leases	10,258	9,326

7. Inventories

	<u>2020</u> <u>\$'000</u>	<u>2019</u> <u>\$'000</u>
Raw materials	88,224	85,158
Manufactured finished goods	16,827	10,664
Imported goods for resale	45,670	71,075
	<u>150,721</u>	<u>166,897</u>

For the year ended 31 December 2020, inventories valuing \$22,300,000 (2019: \$1,200,000) were written off during the year.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

8. Receivables

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade receivables	77,081	61,518
Less: Expected credit loss	<u>(432)</u>	<u>(432)</u>
	76,649	61,086
Prepayments	2,884	5,061
Other	<u>178</u>	<u>219</u>
	<u>79,711</u>	<u>66,366</u>

Movement of the expected credit loss provision is as follows:

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Balance at beginning of year	432	853
Decrease in provision	<u>-</u>	<u>(421)</u>
Balance at end of year	<u>432</u>	<u>432</u>

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

9. Cash and cash equivalents

		2020	2019
		\$'000	\$'000
Cash at bank and on hand			
Cash at bank		46,921	8,769
Cash on hand		10,310	2,777
		<u>57,231</u>	<u>11,546</u>
Short term deposits			
Jamaica Money Market Brokers Limited	(a)	25,470	21,532
Mayberry Investments Limited	(b)	-	5,000
Scotia Investments Jamaica Limited	(c)	158,952	138,022
NCB Capital Markets Limited	(d)	53,595	49,553
		<u>238,017</u>	<u>214,107</u>
Interest receivable		178	-
		<u>238,195</u>	<u>214,107</u>
		<u>295,426</u>	<u>225,653</u>

Cash at bank substantially comprise savings and operating accounts at licensed commercial banks in Jamaica. The rate of interest earned on the company's foreign currency savings accounts ranges from 0.0% to 0.1%.

- (a) This represents an investment in United States dominated fixed deposits, with maturity ranging between February 15, 2021 and March 22, 2021 and with interest rates ranging from 2.45% to 2.9%.
- (b) The represented investment in a Private Equity fund and was denominated in Jamaican dollars, this investment was liquidated during the year.
- (c) This represents United States and Jamaican dollar investments in money market funds.
- (d) This represents investment in repurchase agreements denominated in United States dollars with interest rates ranging from 1.05% and 1.55%.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

10. Share capital

	<u>2020</u>	<u>2019</u>
Authorised	No. of shares	No. of shares
Opening authorised ordinary shares of no par value	91,452,000	91,452,000
Authorised ordinary share capital created during the year	<u>2,508,548,000</u>	<u>-</u>
Closing authorised ordinary shares of no par value (a)	<u>2,600,000,000</u>	<u>91,452,000</u>
 Issued and fully paid		
Opening issued and fully paid ordinary shares	89,920,033	89,920,033
Issued during the year	<u>809,280,297</u>	<u>-</u>
Closing issued and fully paid ordinary shares (b)	<u>899,200,330</u>	<u>89,920,033</u>
	 \$'000	 \$'000
Ordinary shares of no par value	<u>56,200</u>	<u>56,200</u>

On October 7, 2020, the Company held an Annual General Meeting which resulted in the following resolutions being approved:

- (a) The authorized share capital of the Company was increased from 91,452,000 shares to 2,600,000,000 shares, by the creation of an additional 2,508,548,000 ordinary shares each ranking pari passu in all respects with the existing ordinary shares or stock units in the capital of the Company.
- (b) The issued ordinary shares in the capital of the Company was subdivided into 10 ordinary shares with effect from the close of business on October 13, 2020 resulting in the total issued shares capital of the Company being increased from 89,920,033 ordinary shares of no par value to 899,200,330 ordinary shares of no par value.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

11. Deferred income taxes

Deferred income taxes are calculated in full on all temporary differences under the liability method using the applicable tax rate. Assets and liabilities recognised on the statement of financial position are as follows:

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Deferred income tax liabilities	(3,550)	-

The movement on the net deferred income tax balance is as follows:

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Net liabilities at beginning of year	-	-
Deferred tax credited the statement of comprehensive income (Note 19)	(3,550)	-
Net liabilities at end of year	(3,550)	-

Deferred income tax assets and liabilities are attributable to the following items:

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Deferred income tax assets/(liabilities):		
Property, plant and equipment	(993)	-
Lease liability, net of right-of -use assets	1,238	-
Interest receivable	(44)	-
Unrealised foreign exchange gain	(3,751)	-
Net liabilities at end of year	(3,550)	-

The amounts shown in the statement of financial position include the following:

	<u>2020</u>	<u>2019</u>
	<u>\$,000</u>	<u>\$'000</u>
Deferred tax liabilities to be recovered:		
- after more than 12 months	(3,550)	-

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

12. Long term loan

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
First Global Bank Limited	2,077	4,833
Less: Current portion	<u>(2,077)</u>	<u>(2,819)</u>
	<u>-</u>	<u>2,014</u>

This loan, which was received in August 2016, attracts interest of 8.35% per annum, repayable over 60 months in equal instalments and is secured by a lien on the motor vehicle.

13. Payables

	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Trade payables	26,498	25,628
Accrued charges	10,786	7,417
Other	<u>4,846</u>	<u>11,635</u>
	<u>42,130</u>	<u>44,680</u>

14. Revenue

Turnover represents the invoiced value of goods and services net of discounts allowed and General Consumption Tax.

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

15. Expenses by nature

	<u>2020</u>	<u>2019</u>
	\$'000	\$'000
Administrative expenses		
Amortization of right of use asset	6,345	5,592
Audit fee	2,375	2,150
Bad debt	836	-
Bank charges	1,139	1,185
Depreciation	7,624	6,476
Directors' emoluments	21,573	18,203
Directors' fees	800	495
Donations and subscription	2,355	428
Entertainment	155	677
Equipment rent	960	960
Insurance	4,254	3,139
Legal and professional fees	4,889	6,393
Motor vehicle	1,050	2,828
Office and general	5,663	5,102
Printing and stationery	837	564
Repairs and maintenance	1,680	2,099
Staff costs (Note 17)	43,856	36,823
Security	1,645	1,500
Telephone and postage	2,381	2,383
Travelling	1,272	7,368
Utilities	3,248	3,291
	<u>114,937</u>	<u>107,656</u>
Selling and distribution		
Selling, advertising, promotion and distribution	5,328	2,888
Motor vehicle expense	869	516
	<u>6,197</u>	<u>3,404</u>
	121,134	111,060
Finance income, net (Note 18)	(24,205)	(8,707)
Cost of sales	403,172	323,302
	<u>500,101</u>	<u>425,655</u>

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

16. Operating profit

The following have been charged in arriving at operating profit:

	2020	2019
	\$'000	\$'000
Auditors' remuneration	2,375	2,150
Amortisation of right-of-use asset	6,345	5,592
Depreciation	7,624	6,476
Director's emoluments:-		
- Directors' remuneration	21,573	18,203
- Directors' fees	800	495
Staff costs (Note 17)	43,856	36,823

17. Staff costs

	2020	2019
	\$'000	\$'000
Salaries and wages	26,109	21,535
Statutory contributions	3,108	2,642
Casual labour	3,901	3,597
Travelling allowance	4,160	3,959
Staff welfare and training	5,338	3,897
Health and group life insurance	1,240	1,193
	43,856	36,823
Number of employees at the end of the year:		
Full-time	20	21

18. Finance income, net

	2020	2019
	\$'000	\$'000
Interest income	(1,206)	(1,579)
Net foreign exchange gains	(29,777)	(13,829)
Loan interest expense	360	520
Lease interest expense	6,418	6,181
	(24,205)	(8,707)

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

19. Taxation

Taxation is computed on profit for the year adjusted for taxation purposes and comprises income tax at the applicable rate

	2020	2019
	\$'000	\$'000
Current tax expenses		
Current taxation at 25%	21,326	10,614
Remission of income tax at 50%	(10,663)	(5,307)
	10,663	5,307
Deferred income taxes (Note 11)	3,550	-
	14,213	5,307

The taxation charged in the statement of comprehensive income differs from the theoretical amount that would arise using the applicable tax rate, as follows:

	2020	2019
	\$	\$
Profit before taxation	96,512	36,807
Tax calculated at a tax rate of 25%	24,128	9,201
Effect of permanent difference for private motor vehicle	(84)	1,413
Adjusted for the effects of:-		
Prior year temporary differences	832	-
Adjustment for the effect of remission of tax	(10,663)	(5,307)
	14,213	5,307

Remission of income tax

By notice dated 13 August 2009, the Minister of Finance and the Public Service, issued and gazette the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Market of the Jamaica Stock Exchange (JSE) if certain conditions were achieved after the date of initial admission.

Effective 2 October 2013, the Company's shares were listed on the Junior Market of the JSE. The Company is entitled to a remission of income taxes for ten years in the following proportion:

Years 2014 - 2018 – 100% of standard rate

Years 2019 - 2023 – 50% of standard rate

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

19. Taxation (continued)

The Company's 100% remission of income taxes expired 2 October 2018, and as a consequence the Company's taxable profits will be subject to 50% tax remission until 2 October 2023.

The Company will continue to benefit from the tax remission provided the following conditions are met:

- the Company remains listed for at least 15 years and is not suspended from the JSE for any breaches of its rules
- the Subscribed Participating Voting Share Capital of the Company does not exceed J\$500 million
- the Company has at least 50 Participating Voting Shareholders.

The financial statements have been prepared on the basis that the Company will have the full benefit of the tax remissions.

20. Earnings per share

Earnings per share are calculated by dividing the profit for the year after taxation by the weighted average number of ordinary shares outstanding during the year. The number of ordinary shares outstanding at the year were:

	2020	2019 Restated*	2019
	\$'000	\$'000	\$'000
Profit after tax	82,299,000	31,500,000	31,500,000
Weighted average number of shares outstanding (note 10)	899,200,330	899,200,330*	89,920,033
Earnings per share	0.09	0.04	0.35

*The prior year earnings per share was adjusted retrospectively as the number of ordinary shares increased because of the stock split (Note 10).

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

21. Dividends

	2020	2019
	\$'000	\$'000
Declared and paid at 0.025 (2019: 0.025*) cents per share	22,480	22,480
Total dividends to shareholders (note 20)	22,480	22,480

*Restated for comparative purposes

22. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related party transactions and balances are recognised and disclosed below for the following:

- (a) Enterprises over which a substantial interest in the voting power is owned by key management personnel, including directors and officers and close members of families; or
- (b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the company.

Amounts charged to the statement of comprehensive income: -

	2020	2019
	\$'000	\$'000
Key management compensation:		
Directors' emoluments	21,573	18,203
Directors' fees	800	495
Expenses:		
Rent paid to a company connected to a director	10,258	9,326
Consultancy and salary payments to a related party	4,333	4,167
Dividends:		
Dividend payment to the parent company	14,616	12,029

Caribbean Flavours and Fragrances Limited

Notes to the Financial Statements 31 December 2020

23. Coronavirus (Covid-19)

The novel Coronavirus (Covid-19) outbreak was declared a global pandemic in March 2020 by the World Health Organisation. The pandemic and the measures to control its human impact have resulted in the disruption of international and local economic activities, commerce, business operations and assets prices. The Government implemented a number of measures aimed at reducing the spread of the virus, including nightly curfews, home quarantine for citizens of a specific age and restrictions on the number of persons in public gathering. These restrictions have had adverse economic effects on the operations of many stakeholders.

Caribbean Flavours and Fragrances Limited continue to source raw materials from many countries that have been negatively impacted by Covid-19 and despite the challenges faced and the restrictions imposed, our operations have not been significantly impacted. This is due to the proactivity of Management in introducing various measures during the early stage of the pandemic in order to minimize or mitigate any impending impact of the virus. Additionally, the Company adopted the recommended protocols and implemented new procedures geared at minimizing exposures and contact spreading. During the year, none of our employees was infected.

The Company was able to quickly respond by introducing its own Hand Sanitizer to the market, this had the double effect of protecting individuals and improving our financial results as we saw an increase in our total revenues by 28% when compared to 2019. Based on management assessment, the significance of the impact on our operation was mitigated, this is evidenced by the increase in the demand for our products during the reporting year.

Management confirms the Company as a going concern as it is not expected to be significantly impacted in a negative way by the Covid-19 pandemic.

NOTES

[illegible]

NOTES

[illegible]

NOTES

[illegible]

Form of Proxy

I/ We
(Shareholder(s) Name(s) in full in block letters)

of
(Shareholder(s) Address(es) in block letters)

being a member of Caribbean Flavours and Fragrances Limited, hereby appoints.....

of
(Name & Address of proxy in full & in block letters)

or failing him/her.....

of
(Name & Address of alternative proxy in full & in block letters)

as my/our proxy to vote for me/us and on my/our behalf at the **2021 Annual General Meeting** of Caribbean Flavours and Fragrances Limited to be held on Thursday October 7th. at 10:00 a.m. at the Knutsford Court Hotel, 16 Chelsea Avenue, Kingston 5, Jamaica and at any adjournment thereof.

No.	RESOLUTIONS	FOR	AGAINST
	ORDINARY RESOLUTIONS		
1	To adopt the audited accounts for the year ended December 31, 2020 the Report of the Directors and the Report of Auditors thereon.		
2	The directors retiring by rotation in accordance with the Company's Articles of Incorporation are Messrs. Howard Mitchell, Derrick Cotterell and Ian Kelly who being eligible have offered themselves for re-election to the Board.		
2a	To re-elect Howard Mitchell to the Board of Directors.		
2b	To re-elect Derrick Cotterell to the Board of Directors.		
2c	To re-elect Ian Kelly to the Board of Directors.		
3	To fix the remuneration of the Directors.		
4	THAT a dividend payment of \$0.025 per ordinary stock unit paid to the stockholders on September 11, 2020 be and is hereby approved as the final dividend for that year.		
	SPECIAL BUSINESS		
5	To appoint Baker Tilly Strachan Lafayette, Chartered Accountants of 14 Ruthven Road, Kingston 10, Jamaica as Independent Auditor of the Company, with effect from November 20, 2020 until the conclusion of the next Annual General Meeting, and to authorize the directors to fix their remuneration.		

PLEASE SIGN WHERE APPLICABLE

.....
INDIVIDUAL SHAREHOLDER

.....
JOINT SHAREHOLDER

..... {SEAL}
Director Secretary

Dated this..... day of 2021

NOTES:

1. A member entitled to attend and vote at the 2021 Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her behalf. A proxy need not be a member of the Company.
2. A Director and the Company Secretary are required to sign the proxy form for a corporate member, under the common seal of that company.
3. Amendments made to the proxy form must be initialed by the member(s) signing.
4. The Proxy Form must be completed with a \$100 postage stamp to be cancelled by the person executing the proxy and lodged at the Registered Office of the Company, at 226 Spanish Town Road, Kingston 11, Jamaica at least 48 hours before the time fixed for the Meeting.
5. In the case of joint holders, any member may sign the proxy form to the exclusion of the other joint holder(s).



CARIBBEAN
FLAVOURS &
FRAGRANCES
L I M I T E D

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