



ANNUAL REPORT 2022



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# VISION

TO BE THE PREMIER MANUFACTURER AND SUPPLIER OF AUTHENTIC JAMAICAN FLAVOURS TO THE WORLD.



# MISSION

**To create value for all stakeholders through the manufacturing and distribution of quality Jamaican products in an efficient and fun working environment.**



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Hybrid Annual General Meeting of Spur Tree Spices Jamaica Limited (the "Company") will be held on:

**Date:** Monday, August 21, 2023

**Time:** 10:00 am

**Place:** Courtleigh Hotel & Suites, 85 Knutsford Boulevard, Kingston 5, Jamaica,

**Purpose:** For the shareholders of the Company, to consider and if thought fit, approve the following Ordinary Resolutions of the Annual General Meeting

## ORDINARY RESOLUTIONS 1 - 5

**1.** To receive the reports of the Board of Directors, the Auditor and the Audited Accounts of the Company for the financial year ended December 31, 2022.

**Resolution 1:** Audited Accounts  
"THAT the Audited Accounts for the year ended December 31, 2022 together with the reports of the Board of Directors and the Auditor 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 Stephen Ricketts and Yana Samuels, who being eligible offered themselves for re-election.

**Resolution 2a:** Re-appointment of Stephen Ricketts  
"THAT the retiring Director Stephen Ricketts be re-elected as a director of the Company

for the ensuing year."  
**Resolution 2b:** Re-appointment of Yana Samuels  
"THAT the retiring Director Yana Samuels, be re-elected as a director of the Company for the ensuing year."

**3.** To approve the payment of a dividend.

**Resolution 3:** Dividend Payment  
"THAT a dividend payment of \$0.0175 cents per share, paid on the 20th day of December, 2022 to the shareholders on record as at December 8, 2022 be approved."

**4.** To fix the remuneration of the Directors.

**Resolution 4:** Directors'

Remuneration  
"THAT the Board of Directors of the Company be hereby authorized to fix the remuneration of the Directors of the Company."

**5.** To re-appointment of the Auditors and fix their remuneration.

**Resolution 5:** Auditor's Appointment  
"THAT Messrs. BDO, Chartered Accountants of 26 Beechwood Avenue, Kingston 5, Jamaica, be re-appointed Auditor of the Company, to hold office until the next Annual General Meeting and that their remuneration be fixed by the Directors of the Company."

Dated this 29th. day of May, 2023

BY ORDER OF THE BOARD



Ruth Josephs  
Company Secretary

A [Proxy Form](#) accompanies this Notice of the Annual General Meeting on page 117

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



# CORPORATE DATA

## Chairman

Non-Executive Director / Chairman  
Mr. Metry Seaga

## Executive Directors

Mr. Albert Bailey (CEO)  
Mr. Harrinarine Jagnarine

## Non-Executives Directors

Mr. Anand James  
Ms. Yana Samuels  
Mr. Stephen Ricketts  
Ms. Danielle Terrelonge

## Mentor

Tania Waldron-Gooden

## Company Secretary

Ms. Ruth Josphehs

## List of Senior Officers

Rani Badaloo Marketing Manager  
Venetia Thomas Chief Accountant  
Tamara Samms Inventory Manager  
Sereta McDonald Production Manager  
Fiona Downs Quality Assurance Manager  
Rorie Atkinson Chief Design Officer

## Attorney-At-Law

Myers, Fletcher & Gordon  
Simone Bowie Jones (Partner)  
21 East Street, Kingston

## Bankers

National Commercial Bank Ja. Ltd.  
32 Trafalgar Road, Kingston 10

## First Global Bank Limited

28-48 Barbados Avenue, Kingston 5

## Auditor

BDO Chartered Accountants,  
26 Beechwood Avenue, Kingston 5

## Principal Stockbrokers & Financial Advisor

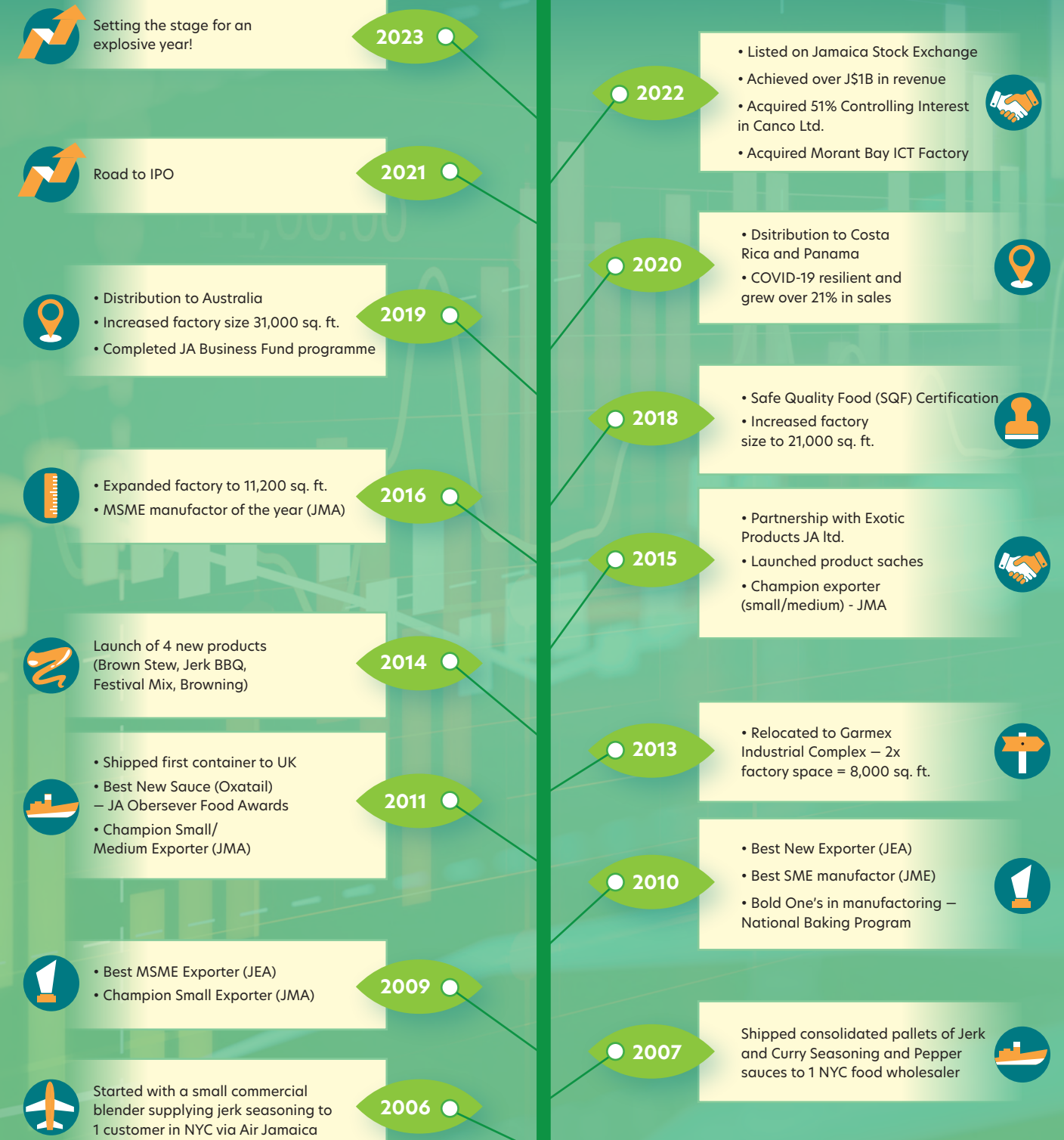
GK Capital Management Limited  
58 Hope Road, Kingston 6

## Spur Tree Spices Jamaica Limited

Registered Office Address  
Unit 6B1 Garmex Freezone,  
76 Marcus Garvey Drive  
Kingston 13  
Jamaica, W.I.  
website: <https://spurtreejamaica.com>



# TIMELINE COMPANY



# ABOUT – SPUR TREE SPICES

**S**pur Tree Spices Jamaica Limited is a Jamaican company founded in December 2005. It is known for producing a range of high-quality, all-natural seasonings and sauces that capture the unique flavours of Jamaica’s cuisine.

At Spur Tree Spices Jamaica, our commitment to innovation has helped us maintain our position as a leader in the industry and has enabled us to grow and expand over the years. Our focus on providing solutions for consumers is evident in our products. Spur Tree Spices Jamaica offers a wide range

of spices and seasonings that are carefully crafted to enhance the flavour of food and provide an authentic Jamaican taste. Our products are made with the highest quality ingredients and are designed to meet the diverse needs of consumers.

As an export-driven company, Spur Tree Spices Jamaica is committed to providing its products to customers around the world. We have a strong distribution network that ensures our products are available in many different countries. This global presence has helped us to build a strong reputation for quality and reliability, and it has allowed

us to expand its business beyond the local market. Our company’s expansion plans include entering new markets, increasing product offerings, and building partnerships with major retailers and distributors.

For the past 5 years, Spur Tree Spices Jamaica Ltd has maintained its status of being a Safe Quality Food (SQF) certified factory. This accomplishment demonstrates our commitment to food safety and quality management, and it places Spur Tree Spices Jamaica among the most respected and recognized companies in the global food industry.

Spur Tree Spices accomplished a noteworthy achievement in January 2022 when it listed on the Junior Market of the Jamaica Stock Exchange (JSE). Our company’s ability to list successfully on the JSE demonstrated its resilience and vigor, especially considering the difficulties posed by the COVID-19 pandemic. This listing has opened avenues for us to broaden our operations and make acquisitions by providing access to new investment opportunities.

It gives us immense pride to represent Brand Jamaica globally and contribute to its growth through our export-focused approach. We remain committed to supporting our local farmers and communities, and our focus on product innovation and creativity allows us to offer quality and convenient solutions to our customers in their kitchens. At our company, we are dedicated to constantly improving

and evolving to meet the changing needs of our customers and the market. We look forward to continuing to serve our customers with the best of our abilities, while staying true to our Jamaican heritage and values.



# BOARD OF DIRECTORS

Metry Seaga, the co-managing director of Jamaica Fibreglass Products Limited (JFP), is a businessman with nearly 40 years of business management experience. Metry started his own business, JFP, in the furniture manufacturing sector in 1986. Today, it is one of the Caribbean's premier contract manufacturers of commercial furniture. Over the years, his company has been the supplier of quality furnishing to leading brands such as Sandals Resorts, KFC, Marriott Hotels and Starbucks. Metry is a past president of the Jamaica Manufacturers Association (JMA) and is an avid advocate for the manufacturing sector to be given a more prominent role in building a better Jamaica. During his tenure as JMA president, he oversaw the

merger of the JMA and the Jamaica Exporters Association in forming the Jamaica Manufacturers and Exporters Association (JMEA), a more robust and agile organisation with a strong focus on manufacturing and export. Added to this, he previously served as the first chairman of the Jamaica Special Economic Zone Authority. Metry currently serves as chairman of e-Learning Jamaica and is deputy chairman of JAMPRO and Petrojam, two of Jamaica's important government agencies in investments, exports and energy. He is currently president of The Private Sector Organisation Of Jamaica (PSOJ) and serves as a board member of AMG Packaging and Paramount Trading, two publicly traded companies. In his limited spare time, he enjoys playing golf as a way to relax and unwind.



Metry **Seaga**  
CHAIRMAN

Many years prior to becoming an Executive Director of Spur Tree Spices, Harrinarine worked at the Caribbean Gum & Candy Ltd., where he acquired operational and sales skills. He then joined Chicken Supreme (now Island Grill) in 1989 as the restaurant manager of their flagship Twin Gates Plaza outlet. He was instrumental in introducing jerk chicken to the menu, which was an instant success and a major factor in the company's rebranding strategy. Establishing a central commissary for the marination of chicken for distribution to all Island Grill outlets, Harrinarine was a key player in building a first-world operation for the chain

of restaurants. In 2000, he joined Golden Crust Bakery and Grill as operations manager. In 2005, he returned to Jamaica and, in partnership with countryman and long-time friend, Anand James and Dennis Hawkins, established Spur Tree primarily to satisfy the growing demand for exotic Caribbean flavours in the export market. wMohan contributes to the overall strategic and operational direction of the company with a special emphasis on innovation, infrastructure, and overseas marketing, plus sourcing and installing equipment that allow the company to grow efficiencies and productivity.



Harrinarine  
(Mohan)  
**Jagnarine**

Certified Chartered Accountant, Albert Bailey, is a strategic thinker with over 32 years of leadership experience and a solid background in finance, operational management, and IT. He is also a Fellow Member of the Association of Chartered Certified Accountants (ACCA). Before joining Spur Tree Spices in January 2014, Albert worked with Island Grill for 14 years, initially as its financial controller, transforming the financial and accounting structure of the company and putting the business on a sustainable path to success. Albert also spearheaded the company's information technology strategy, implementing a wide area network, linking all restaurant operations to the Head Office. Assuming the position of general manager in 2003, he served in that role for 10 years, overseeing the expansion of the company to

18 restaurants. He did so while achieving and maintaining real growth in revenue and profits for the company every year, culminating in an unprecedented doubling of profits in 2012-13. He joined Spur Tree Spices in January 2014 as its Chief Executive Officer (CEO) and put together a detailed strategic plan for rapid growth of the company. As CEO, Albert oversees the strategic and operational management of Spur Tree Spices. Over the past 10 years, he has guided the growth and expansion of the business from a total revenue of J\$70 Million in 2013 to J\$1 Billion in 2022. Under his leadership, the company has consistently grown profits and undertaken strategic investments in brand and market development with special emphasis on capitalising on Jamaica's strong brand recognition in the export markets.



Albert **Bailey**

Mr. Ricketts was appointed to the Board of Spur Tree Spices in April 2022 and serves as a member of the Audit Committee.

He is a chartered accountant with over 25 years of professional experience. He holds an MBA from the Manchester Business School, a Bachelor of Science in Management Studies and Accounting from the University of the West Indies and an Associate Degree in Small Business Management from Northcentral Technical College in Wisconsin, USA. Mr. Ricketts has extensive knowledge of International

Financial Reporting Standards (IFRS) and has a track record of being a proven strategic and business development partner.

Mr. Ricketts is currently serving as Chief Financial Officer of a leading financial sector entity, where he has spent over fourteen years contributing to the growth and increased efficiency of that company. He serves on various investment and risk committees within that organisation.

He is an ordained minister of religion who enjoys sports and spending time with family.



Stephen  
**Ricketts**

Attorney-at-law, Yana R. Samuels currently holds the positions of managing counsel, director of the Board, and Company secretary of J. Wray & Nephew Limited, a Campari Group company. She also sits as a board director and company secretary of the JWN Foundation, company secretary of Investment Nominees Limited, and trust secretary of the Lascelles deMercado Defined Contribution Fund. She previously worked as an associate at the law firms Samuda & Johnson, Attorneys-at-Law and Nunes, Scholefield, DeLeon & Co. These firms are home to attorneys-at-law practising in the areas of intellectual property, civil litigation and commercial law. Meanwhile, Yana's professional

qualifications include a Bachelor of Laws (LL.B.) from the University of the West Indies, a Master of Laws in International Trade and Commercial Law (LL.M.) from the University of Durham in the United Kingdom, and a Certificate of Legal Education (CLE) from the Norman Manley Law School. She also holds professional corporate secretary accreditation. Yana is a member of the Commercial and Intellectual Property Sub-Committees of the Jamaica Bar Association and a member of the Kiwanis Club of New Kingston. She has previously served on the Board of Directors of the Spirits Pool Association Limited and the Caribbean Molasses (Jamaica) Company Limited.



Yana **Samuels**

Marketing and Communications Professional, Danielle Terrelonge, holds a B.Sc. degree in psychology and management studies from the University of the West Indies. She is the owner and managing director of DRT Communications Ltd., a marketing communications and media company with over 40 clients across the Caribbean. Danielle's expertise has led her to develop and implement successful marketing communications strategies for companies such as KFC, Pizza Hut, Red Bull, Red Stripe, and several others. She is considered an

expert in risk mitigation for businesses in the area of corporate communications and has worked with several companies through mergers, acquisitions and initial public offerings. Danielle was the first recipient of angel investment from First Angels Jamaica in the Caribbean and thus the first woman to receive this type of investment. She successfully attracted three local business professionals and one business as investors. Danielle is also a fellow of Vital Voices, an international organisation committed to the development of businesswomen globally.



Danielle **Terrelonge**

Consultant Director, Anand James, is a businessman with over 30 years of management experience and the former owner of Caribbean Flavours and Fragrances Limited (CFF) where he spearheaded the Initial Public Offering of CFF in 2013. As a founding member of Spur Tree Spices, he was

instrumental in the growth and development of the company, especially in its formative years. He is also a director of AMJ Agro Processors Guyana and a former lecturer at the University of the West Indies, where he studied and gained both his Bachelor of Arts and Master of Arts degrees.



Anand **James**

Tania Waldron-Gooden is the Chief Executive Officer (CEO) of Chicken Mistress Limited trading as Island Grill.

She has nineteen years of experience in areas of Investment Banking, Investment Analysis and Research, New Product Development, Pension Fund and Portfolio Management and Insurance Brokerage.

As the Mentor to various Junior Market 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 Rules.

Mrs. Waldron-Gooden holds a Bachelor of Science degree (BSc. - Hons.) in Geology from the University of the West Indies, a Master of Business Administration degree (M.B.A) from the University of Sunderland in the U.K and has completed the Jamaica Securities Course as well as the Canadian Securities Course administered by the Canadian Securities Institute. Additionally, she holds a post graduate diploma in Paralegal Studies; and is registered/licensed by the Financial Services Commission as an Individual Investment Advisor.



Tania **Waldron-Gooden**  
MENTOR

Chartered Secretary Ruth Josephs is a meticulous consultant and resourceful in corporate affairs and corporate secretarial matters with over 25 years of experience. She is a member of the Corporate Governance Institute of the UK and Ireland and currently serves as company secretary for several organisations, including Restaurant of Jamaica. Ruth has a wealth of business experience, having

previously served in many senior positions in various corporate entities, such as manager of the Corporate Secretarial Department at Deloitte & Touche; manager of Secretarial Service at Chambers, Henry & Associate; administrator of the Economic Corporate Unit at the Bank of Jamaica and operations manager of Data Processing at the Export-Import Bank of Jamaica (EXIM).



Ruth **Josephs**  
COMPANY SECRETARY



# MANAGEMENT TEAM

## Albert Bailey

Executive Director,  
Chief Executive Officer

## Harrinarine "Mohan" Jagnarine

Executive Director,  
Manager of New Business and Market Development



Chief Accountant Venetia Shepherd has served in this capacity at Spur Tree Spices for the past four years. She is a past Champion College graduate and holds an associate degree in business studies. She worked previously at one of the international Big 4 audit firms,

KPMG, for four years, where she held the position of accountant in the audit practice and worked as the in-charge accountant on several audit engagements. She is currently pursuing the Association of Chartered Certified Accountants (ACCA) qualification.



Venetia  
Shepherd

Quality Manager Fiona Downs has held this position at Spur Tree Spices for the last four years. She spearheaded the company's Safe Quality Food (SQF) certification process and has successfully managed numerous external audits from both local and international institutions. She holds a Bachelor of Science degree in biotechnology and

botany and a Master of Science degree in food and agro-processing technology from the University of the West Indies. Fiona previously worked at Serge Island Dairies, a subsidiary of Seprod Limited, as a quality assurance manager. She has been working in the food and manufacturing industry in quality assurance for over ten years.



Fiona Downs

Marketing and sales professional, Rani Badaloo has over 14 years' experience in the ideation and execution of marketing and sales strategies. After returning from Canada, where she worked as a business analyst, she became project lead for the Spur Tree Spices' digital marketing plan and now assumes full responsibility for the company's overall marketing strategy. She studied at the University of the West Indies and

the Edinburgh Business School at the Heriot-Watt University and holds a Bachelor of Science degree in zoology, a Master of Philosophy in Biotechnology and a Master of Business Administration (Marketing). She has also achieved the Certified Associate Project Management designation. Rani has served as a director on boards such as the Scientific Research Council and the National History Museum of Jamaica.



Rani **Badaloo**

Tamara has worked with Spur Tree Spices for the past 12 years and has steadily moved up the ranks, proving her competencies in all areas previously employed. She is a past student of Camperdown High School

and holds a warehouse and inventory management certificate from the HEART Institute. Tamara has also completed the Better Process Control Certificate Course at the University of the West Indies.



Tamara **Samms**

Production Manager Sereta McDonald has served in this capacity at Spur Tree Spices for the past three years, having previously served as assistant production manager. She is a graduate of Shortwood Teachers' College and worked as a restaurant manager at

Island Grill and shift supervisor at KFC for several years before joining the Spur Tree Spices team. She completed a supervisory management course at the University of the Commonwealth Caribbean and a Better Process Control course at the University of the West Indies



Sereta **McDonald**

Rorie Atkinson is the newest member of the management team and serves as Chief Design Officer. He is a graduate of Edna Manley College of the Visual And Performing Arts. He joins the Spur Tree family from the Jamaica Observer Limited, where he has amassed over 19 years of experience. During that tenure he served as Art Director, Senior

Graphic Artist and Illustrator; supervisor and lead for numerous projects that directly affects the look and feel of the online and print publication. Rorie has a proven track record of success in creating compelling visual designs that effectively communicate a unique idea, satisfying the need to stand out visually.



Rorie **Atkinson**

# CHAIRMAN'S REPORT

**O**n behalf of the Board of Directors, I am honoured to present to you the annual report of Spur Tree Spices Jamaica Limited for the financial year 2022. The past year was both rewarding and challenging as we continued to adapt to the ever-changing business landscape. We are pleased with our achievements for the year as they have enabled us to become a stronger and more sustainable company competing on the global stage.

At the end of 2022, Spur Tree Spices recorded an impressive \$1.03 Billion in revenue, which represents a 20% increase from the previous year. The company's net profit increased by 27% to \$116 Million, our assets grew to \$1.50 Billion from \$597 Million in the previous year and Gross Profit increased by 17% to \$331 Million.

Augmenting the significance of our performance in 2022 is the reality that 92% of our earnings are in US dollars. Additionally, we are delighted to share that the company's exceptional financial results enabled the issuing of dividends at \$0.0175 per share within its first year of listing on the Jamaica Stock Exchange Junior Market.

Spur Tree Spices is among very few companies to have accomplished this in such a short timeframe.

## THE GAINS OF PUBLIC OFFERING

Listing on the Jamaica Stock Exchange (JSE) in January 2022 has been a significant milestone and profitable undertaking for our company. With a very successful Initial Public Offering (IPO), we were able to generate additional capital, increase cash flow, liquidate previously existing debt, attract new investors, and boost profits. We also utilised the funds received to support our 2022 plans for capacity building, growth, and expansion at the Spur Tree Factory and Exotic Products Factory. We are forever indebted to our team members, who were instrumental in facilitating a smooth transition, and we are confident that our stock listing will continue to bring significant benefits in the years to come.

## OUR SALES REACH 2022

With sales by our company generated primarily from exports, distribution plays a crucial role in our growth and



success. In 2022, despite various setbacks faced with supply chain and distribution, the company's sales were favourable, reaching \$1.03 Billion. The company rose above the challenges, with the help of its steadfast leadership and driven workforce.

In 2022, we also increased our local partnerships to build market share and brand equity. These initiatives resulted in a 44% increase in local sales.

## CRAFTING A PURPOSEFUL PATH TO SUCCESS

Our many notable achievements are owed to several strategic investments made during the year. The most significant was the acquisition of majority shareholding in Canco Limited, an agro-processing company popularised for its canned ackee and canned callaloo products. The acquisition now enables us to own and distribute products under the iconic Linstead Market brand. With over 90% of the brand's business being generated from exports, we are enthusiastic about this investment as it will enable our company to further penetrate shelf spaces within international markets and build the Linstead Market brand beyond its current reach.

As a company, we also exercised strategic foresight in upgrading the Spur Tree Factory's Garmex Freezone; upgrading and expanding our main ackee factory—the Exotic Products

Factory, and purchasing the Morant Bay ICT Factory to support ackee production. Through these investments, we were able to increase our revenue, support the rollout of new and strategic products under the Spur Tree Brand, optimise our costs, and improve profitability. In the long-term, when they mature, we are confident that these investments will see the company experiencing exponential growth.

## PREPARING FOR A PROMISING FUTURE

Our company's strategy for growth and development—as from inception—is hinged on building capacity ahead of demand to meet our customer needs and secure our entrance into larger markets. Looking ahead, we are optimistic about the future of Spur Tree Spices locally, regionally, and internationally.

Currently, Spur Tree Spices' products are predominantly found on the shelves of diaspora businesses or in specialty food sections. One of our primary objectives moving forward is to secure placement on the conventional shelves of major supermarkets and big-box retailers. This will not only have a significant impact on our operations but will yield remarkable growth and open up tremendous opportunities to transform the way Spur

Tree Spices operates.

Furthermore, we are aware that there are still markets where there is great potential, and we are actively working to capitalise on this. With our sights set on European and African markets, we aim to explore better distribution channels to increase our customers and expand our footprint. Meanwhile, we are growing our presence in the Canadian and Latin American markets to ensure that these locations are well-served.

As it relates to local operations, the company will explore the possibility of expanding its arrangements at the Spur Tree Factory Garmex Freezone and will continue to rationalise its operations to gain greater efficiencies in all areas of its business.

As a leader in its space in the production of high-quality, all-natural spices, and seasonings, Spur Tree Spices will also innovate in 2023 to expand its product offerings and lines, satisfying our customer needs for more diverse options as globalisation continues to accelerate. We remain committed to our pledge to support our local agricultural sector and farmers by utilising locally sourced raw materials in our production process. By doing so, we can maintain the quality of our products while also contributing to the growth of the Jamaican economy.



**BACKED BY A RESILIENT TEAM**

Altogether, we anticipate that 2023 will be a stronger year for the company as we explore all opportunities for expansion and growth. With this in mind, we are proud to be recognised by the Jamaica Observer as among the '23 businesses to watch in 2023' as this is a testament to the passion and hard work of our team, which consistently demonstrates their ability to work together and strive for excellence. We look forward to their continued support in the years to come, even as the company does its part to facilitate comfortable working conditions, training and development, succession planning, and a sturdy benefits system, among other initiatives.

We assure our stakeholders that they have chosen a strong company with a strong team to entrust their investments. We at Spur Tree Spices are keen on ensuring that we fulfil our mission to create value for all stakeholders and are confident in our ability to realise our highest potential both locally and abroad.

As a home-grown brand, ultimately, our aim is to create a legacy that makes Jamaica proud. Therefore, with the confidence and continued support of all our stakeholders, we have no doubt that we will achieve our vision of becoming the premier manufacturer and distributor of Jamaican flavours to the world.



Official signing between Spur Tree Spices Jamaica Limited and Canco Limited.



Booth at a Trade Show, Canada



Shelf set at Stop And Shop supermarket, New York

# DIRECTORS' REPORT

The Directors hereby present their Report on the Consolidated Audited Financial Statements for the year ended December 31, 2022.

Financial Results for the 2022 financial year are set out on pages 52 - 114

The highlights for 2022 are set out below:

	2022	2021
	\$'000	\$'000
Revenue	1,028,530	859,718
Net Profit	115,622	91,319
Total Assets	1,499,670	596,680
Dividends Paid	24,718	NIL

The Directors recommended a dividend of \$0.0175 per share to be paid in respect of the year ended December 31, 2022.

The Directors who served the Company since its listing on the Junior Stock Market in January 2022 are:

MR. METRY SEAGA  
Chairman - Non-Executive

MR. ALBERT BAILEY  
Chief Executive Officer - Executive

MR. HARRINARINE JAGNARINE  
Executive

MR. ANAND JAMES  
Non-Executive

MS. YANA SAMUELS  
Non-Executive

MR. STEPHEN RICKETTS  
Non-Executive

MS. DANIELLE TERRELONGE  
Non-Executive

The Directors retiring by rotation, in accordance with Article 114 of the Company's Articles of Incorporation, are Yana Samuels and Stephen Ricketts, who, being eligible for re-election, have offered themselves for re-election to the Board.

Messrs, BDO Chartered Accountants of 26 Beechwood Avenue, Kingston 5, Jamaica, have signalled their intention to continue in office as external auditors of the Company.



The Directors wish to express thanks to the Executive Team, managers and staff for their corporation, support, commitment and hard work.



ALBERT BAILEY  
Chief Executive Officer  
On behalf of the Directors  
May 31, 2023



# 100% JAMAICAN:

-  Scotch bonnet peppers
-  West Indian red pepper



# CORPORATE GOVERNANCE

11,00.00

The Corporate Governance Framework and Policy, of Spur Tree Spices Jamaica Limited (the Company / Spur Tree Spices) sets out the role, responsibilities, and processes of the Board of Directors, based on sound principles, and guidelines of accepted local and international best practices, consistent with requirements of the Jamaica Stock Exchange (JSE), and the Private Sector of Jamaica (PSOJ) guidelines, and is available on our website at <https://spurtreejamaica.com>

The Corporate Governance Framework approved and adopted by the Board of Director is designed to ensure transparency, accountability, responsiveness, stability, equity, inclusiveness, to promote the rule of law to enhance the goodwill of the Company as well as bolsters its integrity and ethical standing in the space in which it operates, its community, with its regulators, vendors, customers, and its employees.

## THE BOARD

The Board of Spur Tree Spices comprises two (2) executive directors, four (4) non-executive directors—a Company secretary and a mentor. This team has the primary responsibility of oversight, stewardship, accountability, and leadership of the strategic direction of the Company and seeks to balance the interests of the various stakeholders to achieve a successful and sustainable future for the Company. The Board is the ultimate decision-making body of the Company and is responsible for ensuring its long-term sustainable

success, generating value for shareholders, and contributing to the wider society. It provides effective and entrepreneurial leadership to the Company, within a framework of sound internal controls and effective risk management.

## RESPONSIBILITIES OF THE BOARD

The focus of the Board is to ensure that the Company's strategies are consistent with its values, mission, purpose and the commitment given to the stakeholders for the operation of a viable business. The Board of Spur Tree Spices engages in overseeing the delivery of the strategies of the Executives, as well as the development and/or review of policies and decisions of the Company and its subsidiaries in relation to:

- The establishment of Standing Committees to oversee financial and cultural governance (including setting the tone from the top on culture and ethics)
- Business development, including major investments and asset disposals
- Appointment or removal of Directors
- Remuneration of Directors
- Risk management
- Financial reporting and internal and external audits
- Compliance with laws, regulations, and the Company's code of business conduct

- Corporate citizenship, ethics and environment
- Strategy and operating plans
- Timely, accurate and balanced disclosure of material information about Spur Tree Spices to relevant stakeholders, including shareholders, external auditors, the JSE and the Financial Services Commission (FSC)
- The identification, evaluation, and selection of candidates for the Board

A Board Charter and Committee Terms of References for two (2) Standing Committees were established by the Board to provide the remit and scope of responsibilities for the Board and Committees to operate with certainty and transparency. The Standing Committees operate on the delegated authority of the Board and take on work that the Board cannot perform during a regular board meeting. The Committees and their members update the Board on their activities, decisions, and recommendations in a timely manner.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is comprised of four (4) non-executive directors and the company secretary. The team is comprised of members with the relevant financial experience and competence relevant to the sector in which the Company operates and the Committee Chairman was appointed by the Board. In his absence, the Committee members



are at liberty to appoint another member of the committee to deputise and chair the meeting.

## RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee provides support to the Board in fulfilling its mandate of presenting a balanced and understandable assessment of the Company's consolidated accounting systems, internal controls, risk management, financial position, and business prospects. The duties and the responsibilities of the Committee are varied and include:

- Establishing an appropriate framework for identifying and managing risk
- Ensuring the independence and effectiveness of the internal and external audit functions
- Establishing and maintaining a robust and effective system of internal controls and monitoring

the effectiveness of this system

- Satisfying itself as to the integrity of the consolidated financial statements and matters that are of significant importance to the investing public by ensuring they are reviewed by the Committee and recommended to the Board for approval. The Board is responsible and accountable for the final release of the financial information.

## REMUNERATION COMMITTEE

The Remuneration Committee is comprised of two (2) non-executive directors, an executive director, and the company secretary. The Chairman of the Remuneration Committee is a non-executive director who was appointed by the Board. In the absence of the Committee Chairman, the remaining members present are free to elect the other non-executive director to chair the meeting.

## RESPONSIBILITIES OF THE REMUNERATION COMMITTEES

The Remuneration Committee provides support to the Board through the following duties:

Establishing the principles for remuneration for the Company

- Reviewing and approving the remuneration of the Chairman, Executive Directors, non-Executives and Senior Management team and determining the policy for these remunerations
- Providing oversight of all matters relating to remuneration
- Determining and making recommendations to the Board for approval of the overall objectives, principles, and scope of the company's remuneration policy
- Reviewing its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommending changes it considers necessary to the Board for approval
- Designing remuneration policies and practices to support strategies and promote long-term sustainable success
- Ensuring the executive directors' remunerations are aligned to the Company's purpose and values, clearly linked to the successful delivery of the Company's long-term strategy

- Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer (CEO), as appropriate, determining the total individual remuneration package of each executive director, the Chairman, senior managers and managers including bonuses, incentive payments and share options or other share awards. The choice of financial, non-financial and strategic measures is important, as it serves to exercise independent judgement and discretion when determining remuneration awards, taking into account the Company's and individuals' performance and wider circumstances
- Establishing and periodically reviewing policies concerning privilege benefits and approving all special privileges, special cash payments, other special compensation and benefits arrangements for officers and employees of the Company
- Reviewing and making recommendations to the Board with respect to executive officers and directors indemnification and insurance matters
- Reviewing and recommending to the Board for approval the compensation of non-executive directors for their service to the Board and, reviewing, evaluating and recommending changes, if appropriate
- Approving compensation awards-including individual

- awards-as may be required to comply with applicable tax and corporate laws
- Reviewing and assessing the adequacy of the Terms of Reference annually and recommending to the Board any changes deemed appropriate
- Performing any other activities consistent with the Terms of Reference, the Company's by-laws, and governing laws as the Committee or the Board deems necessary or appropriate

**CORPORATE GOVERNANCE AND NOMINATION COMMITTEE**

- The Corporate Governance and Nomination Committee's functions are assumed by the Board. The Corporate Governance duties are as follows:
- To ensure that the Board is composed of Directors who collectively possess the knowledge, skills, and experience to provide effective leadership of the Company
- To ensure that the Company is operating in compliance with applicable laws, codes, and standards
- To ensure that there is an effective Board evaluation process in place
- To review the governance practices of the Company and its subsidiaries, highlighting opportunities for improvement
- To review the Board Charter

- and Terms of Reference of the Committees and make changes over time
- To establish and keep under review a Code of Conduct for the Company and its subsidiaries and ensure compliance by directors, executives and staff
- To establish and oversee the Board and Committees' evaluation process, including reviewing the findings and feedback received during this process
- To meet from time-to-time without the presence of management to consider matters relating to the governance of the Company or the subsidiaries and other issues which may be referred by a Board or Committee member
- To establish an orientation and continuing education programme for the directors and monitor implementation of these programs
- To consider actual or potential conflicts of interest for directors

- To remain informed in respect of regulatory requirements, developments and guidance on Corporate Governance matters

**NOMINATION, APPOINTMENT AND REMOVAL OF DIRECTORS**

The nomination functions assumed by the Board are:

- Addressing matters relating to the composition of the Board and the Committees
- Periodically or annually review the composition of the Board and the Standing Committees by giving consideration to their size and the skills and competencies required, given the challenges and

opportunities faced by the Company and making changes. In reviewing the composition, the committee gives regard to the need for balance and diversity

- Developing an effective succession plan to ensure that Board and the Committees' membership are appropriately refreshed, in accordance with the development skill matrix kept under review
- Identifying and nominating candidates for appointment to fill any casual vacancy occurring between Annual General Meetings (AGMs)
- Recommending the necessary changes of the Chairmanship of the Standing Committees and taking into consideration skills and attributes relevant to these roles
- Reviewing potential candidates for Board appointments, considering their competencies, qualifications and other commitments, and ensuring that nominees are able to devote sufficient time to the Board's work

**RELATIONSHIP WITH STAKEHOLDERS**

The Board is committed to maintaining contact with the stakeholders to understand their issues and concerns. General meetings are held to encourage physical and virtual attendance and the opportunity to communicate effectively with the members of the Board. The shareholders are invited to meet and interact with

the Board to help it stay abreast of their issues and their opinions and recommendations for the growth and development of Spur Tree Spices.

The minutes of general meetings are for the scrutiny of the shareholders as well as the quarterly and annual financial reports. The JSE and Spur Tree Spices' websites are the two main mediums through which communication is made available to stakeholders.

Material information for the shareholders and other stakeholders is timely disclosed through uploads to the JSE, the Company's website and the local newspaper. The information disclosed is factual and presented in a clear and balanced way.

**SUBSIDIARIES GOVERNANCE**

An agreed upon governance framework is in place between Spur Tree Spices and its subsidiaries. The aim of this framework is to achieve the group's objectives and provide direction on how the group's relationship is structured. The framework aligns with the group's strategies, processes, policies, and the involvement of a key personnel in each subsidiary.

**ENVIRONMENTAL CONSIDERATIONS**

Spur Tree Spices is subject to compliance with various acts and regulations and, as at the date of this report has all the required licences, permits and approvals for operation.

SPUR TREE SPICES JAMAICA LIMITED

2022 ATTENDANCE REGISTER OF BOARD & COMMITTEE MEMBERS

DIRECTORS	MEETING ATTENDANCE	DIRECTOR'S PROFICIENCY
7 BOARD MEMBERS		
No. of BOARD MEETINGS in 2022	6	
Metry Seaga ( Non-Executive Chairman)	6	Strategy & Entrepreneurial skills
Albert Bailey	6	Strategy & Operation & Chart Acct
Harrinarine Jagnarine	6	Strategy & Operation
Anand James (Non-Executive)	4	Businessman & Corp Govern
Yana Samuels (Non-Executive)	5	Attorney-at-law, Corp Gov.
Danielle Terrelonge (Non-Executive)	4	Communications & Marketing
Stephen Ricketts (Non-Executive)	5	Banker & Chartered Accountant
Tania Waldron-Gooden (Mentor)	5	
<b>Audit &amp; Risk Committee</b>		
No. of Audit & Risk MEETINGS in 2022	3	
Anand James (Chairman)	2	
Stephen Ricketts	3	
Metry Seaga	2	
Yana Samuels	3	
<b>Remuneration Committee</b>		
No. of Remuneration MEETINGS in 2022	2	
Danielle Terrelonge (Chairman)	2	
Harrinarine Jagnarine	2	
Metry Seaga	2	

TOP TEN (10) STOCKHOLDERS

AS AT DECEMBER 31, 2022

Name	Units	Volume (%)
1. Harrinarine Mohan Jagnarine Harrinarine Mohan & Chandra Jagnarine	447,241,839 75,709,548	31.1845
2. Albert Bailey	260,473,912	15.5325
3. GK Investments LTD	181,043,512	10.7959
4. Anand & Joan James	115,000,000	6.8577
5. Dave Narine	97,000,000	5.7843
6. Rave Rambarran	75,661,641	4.5118
7. Cyril A. Gordon	36,971,070	2.2046
8. Cal's Manufacturing Limited	35,507,483	2.1174
9. Vivienne Clayton	29,852,439	1.7802
10. Continental Baking Company LTD	21,214,143	1.2650

SHAREHOLDING BY BOARD OF DIRECTORS

AS AT DECEMBER 31, 2022

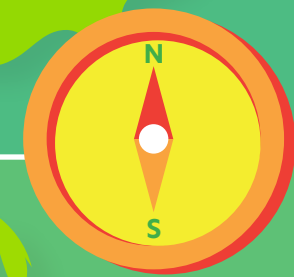
Name	Units	Volume (%)
1. Harrinarine Mohan Jagnarine Harrinarine Mohan & Chandra Jagnarine	447,241,839 75,709,548	31.1845
2. Albert Bailey	260,473,912	15.5325
3. Anand & Joan James	115,000,000	6.8577
4. Stephen & Nsambi Ricketts	11,231,899	0.6698
5. Metry Seaga	8,400,000	0.5009
6. Yana Samuels	1,000,000	0.0596
7. Danielle Terrelonge	100,000	0.0060

SHAREHOLDING BY SENIOR MANAGERS

AS AT DECEMBER 31, 2022

Name	Units	Volume (%)
1. Harrinarine Mohan Jagnarine Harrinarine Mohan & Chandra Jagnarine	Self - 447,241,839 Connected - 75,709,548	31.1845
2. Albert Bailey	Self - 260,473,912	15.5325
3. Rani-Devi Badaloo	Self - 0 Connected - 522,951,387	31.1845
4. Tamara Samms	Self - 246,200	0.00151
5. Venetia Shepherd	Self - 149,700	0.00089
6. Fiona Downs	Self - 47,100	0.00028
7. Sereta McDonald	Self - 39,252	0.00018





**Miles from Jamaica**

	272 miles to Cayman
	712 miles to Florida, USA
	721 miles to Costa Rica
	1,573 miles to NY, USA
	1,768 miles to Canada
	4,695 miles to UK
	10,394 miles to Australia

Where in the  
**WORLD** is  
**Spur Tree Spices?**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

**S**pur Tree Spices, a 17-year-old company, has made significant strides through investments, innovations, and strategic partnerships in 2022. Its successful listing on the Jamaica Stock Exchange generated substantial capital for new projects, expansion, and debt repayment. Despite facing challenges, the group achieved its highest revenues and net profit to date at over \$1 Billion and \$116 Million, respectively.

Spur Tree Spices aims to diversify its product offerings and become a full-fledged food company. With a dedicated team and support from stakeholders, the company is closer to becoming the premier manufacturer and supplier of authentic Jamaican flavours to the world; delivering value to customers and shareholders for years to come.

## SPUR TREE SPICES 'HEATS' UP FINANCIAL GROWTH - FOUNDATION BUILDING / SETTING THE STAGE

In what was a transformational year, the company continued its growth trajectory, delivering revenues of \$1 Billion, 20% higher year-on-year. This was primarily

driven by higher Sales from the parent company of \$906.88 Million.

The company kept operating costs at bay despite heavy inflationary and supply chain challenges, resulting in a 27% increase in Net Profit year-on-year.

Spur Tree Spices' cash and equivalents position improved during the year closing at \$148.2 Million from \$94.47 Million. This was achieved after undertaking several significant investments and pay-out of dividends of \$0.0175 to shareholders. This position was supported by a loan of \$250 Million to aid with the acquisition of controlling interest in CANCO Ltd.

The Group's Total Assets stood at \$1.50 Billion up to December 2022, a rise from \$596.68 Million a year earlier. The rise in assets mainly reflects a fourfold rise in property, plant, and equipment to \$700 Million. The Company benefited from a significant rise in equity, improving to \$713.2 Million from \$411.26 Million a year prior.

Looking at key ratios, Spur Tree Spices attained a return-on-equity of roughly 16%. The company aims to increase returns going forward as



it streamlines costs and grows revenues through the various projects being undertaken.

## SEASONED FOR SUCCESS: STRATEGIC INVESTMENTS

In 2022, the company focused on initiatives that would allow it to expand its reach and increase its market share in the years to come. Its listing on the JSE in January increased access to capital, liquidity, and potential investors, aiding the achievement of four significant milestones during the year.

- The acquisition of a 51% majority stake in Canco Limited—the owner and distributor of products under the Linstead Market brand—allowed the company to maximise profits, broaden its product portfolio and strengthen its presence in the lucrative ackee export market. The long-term plan is to increase the range of products offered by the Linstead Market brand so that it is as diverse and lucrative as the Spur Tree brand
- The purchase of the Morant Bay ICT Factory supported ackee production and diversified the company's offerings under the Spur Tree brand. This investment increased productive capacity and maximised the area's output, a crucial element in the company's growth strategy for long-term success
- The upgrade and expansion

of its main ackee factory, the Exotic Products Factory, doubled ackee and callaloo production, broadened the range of product offerings and increased profitability by building out a more comprehensive production line

- The upgrade of the Spur Tree Factory at the Garmex Freezone in Kingston, which likewise facilitated the rollout of new and strategic products under the Spur Tree brand and doubled its production output

## WE'VE GOT THE SPICE IT TAKES

By making these key investments, the company confidently anticipated a substantial revenue increase that would far exceed any additional expenditures. While revenues grew in 2022, the company faced two significant challenges during the year that temporarily impacted its overall financial performance.

In the second quarter, a prime ackee reaping season, the company encountered limited or no stock of cans from its provider for three weeks during this period. This resulted in lower ackee production and adversely affected revenue, as ackee is a main revenue driver. Spur Tree Spices has since taken steps to address this issue both with the Jamaica Manufacturers and Exporters Association (JMEA) and at the ministerial level, which prevented a recurrence for the rest of the year and established expectations moving forward.

The company faced its second major challenge during the third and early fourth quarters. This challenge arose from a significant management transition at the company's largest US distributor, which accounts for approximately 65-70% of the company's annual revenues. The sudden and unforeseen change in management disrupted the previously established 10-year relationship, causing disruptions in distribution for around 8-10 weeks. This disruption had a temporary negative impact on the company's revenue and profit, but the company has since taken steps to recover and strengthen its distribution network.

The company pursued additional revenue opportunities in other markets, such as the US South, resulting in 68% sales growth and locally, where sales grew by 44%.

Apart from these two main hurdles, the company manoeuvred shipping challenges that began to normalise by the end of the year. It gained valuable experience from these hurdles, further strengthening its confidence in its ability to navigate future disruptions.

**SPREADING OUR SPICES TO THE WORLD**

While Spur Tree Spices is active in the Jamaican market, its primary focus continues to be the

export market, which generates approximately 90% of the company's revenue. Apart from long-standing relationships in the US, Canada, the UK and the Cayman Islands, overtime, the company has expanded its exports to Central America, the Caribbean and Australia.

As international markets continue to regulate to pre-pandemic levels of operation, Spur Tree Spices is pleased to see the full recovery of distribution patterns in the north-eastern US. This enabled the company to roll out its products to 11 stores of the Stop and Shop Supermarket Company, with over 100 locations in the north-eastern US. The partnership has been progressing well with opportunities for growth. In 2023, the company will pursue continued expansion in this market, and it will be the primary location for testing out consumer response to the company's new products as it diversifies and expands its brand. The company's

products have also been resonating with a diverse group of consumers as more people become interested in exploring flavours from cultures outside of their own.

Locally, Spur Tree Spices' products can be found in all major



supermarkets and are widely used in hotels and restaurants. In 2022, the company explored all underserved segments of the local market and made significant progress in the food service segment. Opportunities to establish the Spur Tree brand in other Caribbean markets will be explored through Massy Distributors, which has a strong foothold in Trinidad and Tobago, Barbados, Guyana, and St. Lucia.

**EXPANDING THE JAMAICAN FOOD EXPERIENCE THROUGH INNOVATION**

In the competitive food service industry, where consumer tastes and profiles are constantly

evolving, the company must create unique product solutions that meet its customers' needs.

Spur Tree Spices is known for its wet seasoning and sauces; however, many possibilities abound for the brand to capitalise and compete in other segments. As such, for over eight months in 2022, the company worked assiduously on the development of new product lines, to be introduced in 2023.

These will be rolled out in tandem with the company's strategy to maximise its potential in the local food service industry at restaurants and hotels. Part of the company's risk-mitigation strategy is to ensure that its local market is profitable enough to sustain the company's base costs, in the event of major challenges to the export market. This diversification of its revenue stream will serve as a safety net for the company, while adding to its revenues and profits.

**PARTNERSHIPS WITH LOCAL FARMERS AND COMMUNITIES**

There is great value in partnership, and even more so when this involves communities, as it allows for the building of a brighter future for all. In this light, Spur Tree Spices recognises the vital role of its production process in supporting

local businesses.

In early 2022, Spur Tree Spices entered a contract with an associated company, Holland Bamboo Limited, to shift the processing of raw materials at the Garmex Freezone factory to the St. Elizabeth-based facility. The lands around the facility are leased to farmers, and the company worked with the Agro-Investment Corporation (AIC) and Holland Bamboo to establish a linkage between these farmers whereby most of the raw materials needed for processing are sourced from them. These raw materials support production at the Garmex Freezone and other factories.

Despite shortages of raw materials and packaging inputs experienced during the year, the company remains firm in its commitment to working with local suppliers in sourcing over 80% of all inputs.

Furthermore, as part of its corporate social responsibility efforts in 2022, the company partnered with USAID to support Jamaican students and entrepreneurs; the Ministry of Agriculture and Fisheries and the National Fisheries Authority on the 'Grow Smart, Eat Smart' campaign; the Scientific Research Council of Jamaica to support its ongoing research and development and several schools in support of their fundraising activities.

**A TEAM-DRIVEN APPROACH**

Spur Tree Spices remains an employer of choice, with a tremendous employee retention rate of over 90% of its workforce. In 2022, The Company further increased its workforce from 49 to 72 employees to support increased production and capacity building for the year and onwards.

The Company is proud of its active strategy for managing and developing its workforce, allowing for continuous motivation, recognition, and retention. Training was regularly conducted to ensure the development of employees' skills and adherence to food safety regulations and standards. The procurement and marketing departments were also enhanced through training.

Other steps were taken to allow team members to achieve financial growth and workplace satisfaction, such as offering

shares to employees, free of cost, when the company went public. This approach has been a vital step in boosting morale and ensuring that team members are eager to grow and benefit in tandem with the company.

**AN EVEN SPICIER FUTURE AHEAD**

The heartbeat of Jamaica is embedded in the story of Spur Tree Spices, a story that ignites patriotism in Jamaicans locally and in the diaspora. This is evident from the high number of investors in the company's IPO and its continued trajectory of success. Spur Tree Spices is confident in becoming a premier manufacturer and supplier of authentic Jamaican flavours to the world, building on its reputation as an iconic and prosperous Jamaican brand. Its stakeholders are excited to build upon the foundation laid in 2022 to continue to drive growth and success for the company, as it aspires to become a major player

in the food service industry and a global food brand. In 2023, there will be a period of continuous excitement as the company rolls out a slew of new products and product lines that will expand its current offerings and lead to its planned entrance into the dried spices and instant mixes segments.

The company's multi-prong approach to diversifying its revenue streams includes utilising its increased production capacity to its benefit and partnering with other brands through contract packing. With the Jamaican tourism industry having welcomed 3.3 Million visitors in 2022—a 117% increase from the previous year—the opportunity exists to increase the company's supply of products to hotels and restaurants, while engaging tourists with Spur Tree Spices products at gift stores.

Furthermore, Spur Tree

Spices is open to additional mergers and acquisitions, as the company seeks to maintain a balance between organic growth and partnering with others in the food industry to maximise results.

Farmers can also expect to benefit from partnerships for the provision of raw materials, as the company maintains its support of Jamaica's hardworking people, particularly those in rural communities. The company also pledges to protect the environment and support various communities and groups of people across the island.

There is great optimism about the foundation laid in 2022, which points to a very successful 2023 and beyond. The company's strong focus on product development, scalability and innovation gives it the assurance that growth and profitability are not only inevitable but will remain consistent.

The company expresses its sincere gratitude to its valued investors and team members. The success

experienced this year would not have been possible without their unwavering dedication and support. With such a resilient group of stakeholders, visionary leadership, and sound strategies for imminent transformation, Spur Tree Spices is confident that it will deliver the intended results as it strives to take the flavours of Jamaica to the world.





Innovated the wet seasonings market with traditional Jamaican flavours!



ALWAYS COOKING UP SOMETHING NEW

## STRATEGIC

# FOCUS

Strategic focus and the corresponding initiatives play a vital role in positioning a company for explosive growth. They provide a roadmap and direction for the organization, ensuring that resources, efforts, and investments are aligned with the overarching goals and objectives.

By deliberately focusing on specific areas and taking strategic actions, we have invested in specific areas that will give us a competitive advantage, capitalize on emerging opportunities, and accelerate our growth trajectory.



# STRATEGIC INVESTMENT

# ACKEE

**A**ckee is a fruit native to West Africa and was introduced to Jamaica in the late 1700s. Today, Jamaica is the world's largest exporter of ackee, and the fruit is an essential component of the country's economy. Ackee exports contribute significantly to Jamaica's GDP, and there is a growing global demand for ackee due to its unique taste, versatility in cooking, and nutritional value.

The importance of ackee exports for Jamaica cannot be overstated. The country earns millions of dollars of foreign currencies annually from the sale of ackee to international markets. The US, the UK, Canada, and the Caribbean are the largest importers of Jamaican ackee. Ackee exports also provide employment opportunities for thousands of Jamaicans, from farmers to factory workers.



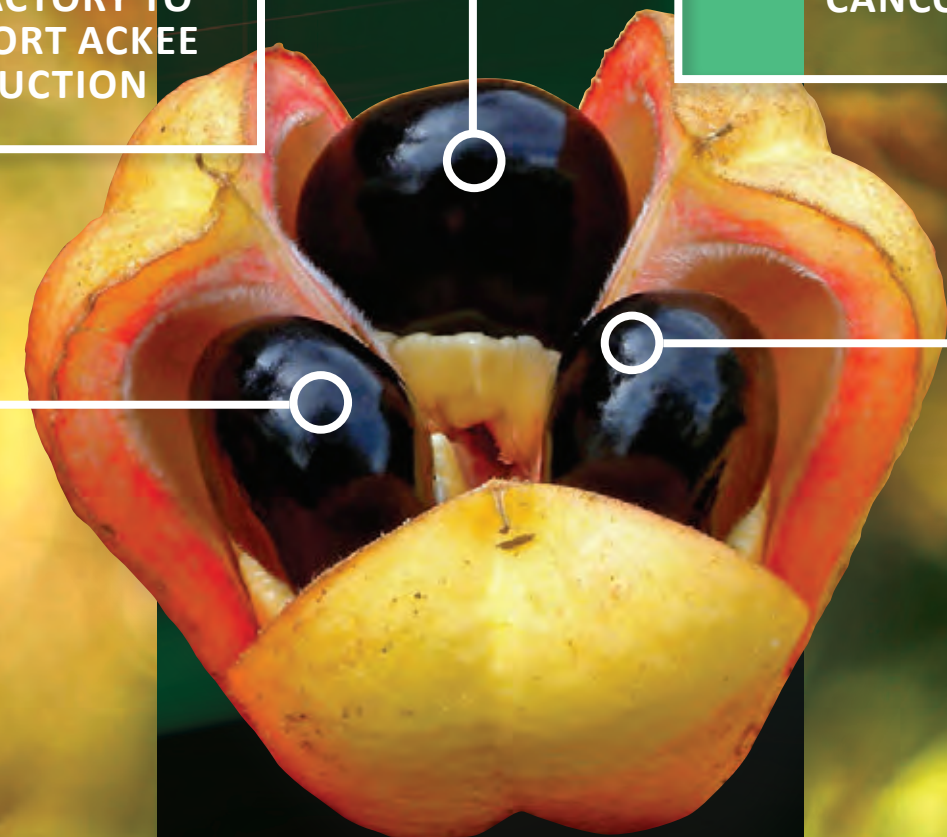
**IN 2022, SPUR TREE SPICES MADE SIGNIFICANT INVESTMENTS TO EXPAND OUR CAPACITY FOR FUTURE GROWTH IN ACKEE PRODUCTION.**

These investments include:

**1 UPGRADING AND EXPANDING THE EXOTIC PRODUCTS FACTORY, OUR MAIN ACKEE FACTORY**

**2 PURCHASING THE MORANT BAY ICT FACTORY TO SUPPORT ACKEE PRODUCTION**

**3 INVESTING FOR CONTROLLING INTEREST IN CANCO LIMITED**



# STRATEGIC INVESTMENT

We have added another 6,000 square feet of factory space at our fully owned subsidiary, Exotic Products Jamaica Limited. This will facilitate the doubling of the output of its core products, ackee, and callaloo. Ackee is a perishable fruit, and if not processed immediately, it will spoil and be unusable. This results in significant losses for producers who are unable to process all the fruit that is available during the season. This new production

line will help to ensure that all the ackee available to us is processed in a timely manner, reducing wastage and losses. Additionally, we will now be able to expand the product offerings from this factory to augment its efficiency and profitability.

We have acquired the Morant Bay ICT Factory in St. Thomas to increase our productive capacity and maximise output from that area.

The facility in Port Morant enables more ackee collection and production, allowing us to increase our current ackee output to meet the growing demand.

The acquisition of a majority stake in Canco Ltd. represents our most significant investment for 2022. Canco Ltd. owns and distributes products under the Linstead Market brand, with over 90% of its business being generated from exports. This

investment gives us a much stronger presence in the lucrative ackee export market; however, our goal is to build and expand the iconic Linstead Market brand well beyond its current reach.

With this acquisition, as well as ownership of Exotic Products, Spur Tree Spices now has controlling interest

in 2 out of approximately 10 Jamaican ackee processors approved by the US FDA to export to the US. With the growing demand for ackee worldwide, a strategic focus on ackee production is necessary to maintain Jamaica's position as the world's largest exporter of the fruit. Compa-

nies like Spur Tree Spices are vital to ensuring the efficient production and distribution of ackee and contributing to Jamaica's economic growth.



# ACKEE

JAMAICA'S NATIONAL DISH

# PRODUCTION

## STRATEGIC INVESTMENT

Spur Tree Spices takes great pride in producing quality products made from locally sourced materials that meet the needs of its customers. With the evident growth of its customer base, in 2022, it invested approximately \$100 Million in production capacity building through the expansion and upgrading of Exotic Products Jamaica Limited and its manufacturing plant at the Garmex Freezone. Along with other benefits, these investments permitted the company to make significant headway in contract packing.

As Spur Tree Spices innovates to become a global food company, more than ever before, it can produce products at a higher volume and with greater efficiency. Its efforts to increase production capacity have significantly improved lead time and enhanced delivery time without compromising quality. With these enhancements to its production system, the company is well-positioned to achieve its growth plans.

# & CAPACITY

### THE EXPANSION OF EXOTIC PRODUCTS JAMAICA LIMITED

Production capacity at this canning facility was enhanced through a 6,000 square feet expansion of factory space. This upgrade facilitates the planned introduction of new product lines in 2023, which will enable the factory to produce additional products during the off-season of its core products.

### UPGRADES TO THE GARMEX MANUFACTURING PLANT AND HOLLAND BAMBOO

In 2022, the manufacturing plant at the Garmex Freezone was also upgraded to facilitate the rollout of new and strategic products under the Spur Tree brand and increase output. Factory equipment was upgraded, and several processes were automated to further increase efficiency. Meanwhile, the pre-processing of inputs will be moved exclusively to Holland Bamboo Limited, an associated company based in St. Elizabeth. This will create more room, using the entire 20,000 square feet floor space at the Garmex Freezone factory for the processing and storage of finished goods.

### CONTRACT PACKING

The capacity-building efforts have enabled Spur Tree Spices to increase its acceptance of contract packing offers moving forward. The company aims to become a premier partner for several companies, thereby increasing its revenue streams and further supporting the Jamaican economy by improving the marketability of local brands



# @TESTIMONIALS

Customer Love. Here are some of our favourite messages from our amazing customers on social media!



Instagram - @spurtreespices



Dear SpurtreeSpice, I am Jamaican born, move to Canada when I was 11. 2 years ago I lost my Mom & Dad days apart from each other. For the past 2 yrs I am been trying to cook Oxtail and make it taste nice like my mom use to make it. I didn't master her recipe until I used your Oxtail seasoning... this past Sunday was the first time my husband asked me what mi do to the Oxtail...when I asked what he meant he said the oxtail finally taste like oxtail bc he didn't know what the hell I was cooking before. Thank you guys for mi nice Sunday dinner.



Twitter - @spurtreespices

Definitely the best pepper jelly around and I know cos I Love it and even make my own sometime! But can't get it as good as Spur Tree!



Facebook - @spurtreespices



Spur Tree Spices #MySide love this so much and love the attention to making every consumer feel our passion and commitment to producing great products. There will be glitches along the way but the follow through by the team is 100% up!



# 100% JAMAICAN:



Peppers



Pimento



Scallion



Thyme





# Corporate SOCIAL RESPONSIBILITY

**C**orporate social responsibility is a critical aspect of any business operation. We recognise the vital role that farmers play in our society and their contribution to our economy cannot be overstated.

Farmers are the backbone of our supply chain, and their dedication to their businesses is essential to our success. As a company that values quality and customer satisfaction, we understand the critical role they play in providing fresh and quality raw inputs. We believe that the only way to maintain the high standard of quality and taste that our customers trust us to have is by ensuring that we work closely with farmers to source the best raw materials.

For farmers to continue to farm, it must be a viable source of income for them and their families. As such, we strive to create long-lasting relationships with our farmers and work with them to improve their yields and productivity. We take deliberate efforts to support farmers by purchasing their raw materials consistently throughout the year. Even when there is an excess supply on the market, we continue to buy their produce at the originally contracted price, ensuring that it doesn't go to waste, and they don't suffer due to any 'gluts' on the market. To this end, we have invested in a storage space of over 15,000 square feet to store processed material for use when needed.

**FARMERS ARE THE BACKBONE OF OUR SUPPLY CHAIN, AND THEIR DEDICATION TO THEIR BUSINESSES IS ESSENTIAL TO OUR SUCCESS**



Furthermore, we are taking our commitment to supporting farmers to the next level by moving our pre-processing production to a factory of an associated company in Holland Bamboo, St. Elizabeth. This move will increase our capacity to purchase and store more raw materials, thus creating more opportunities for farmers to sell their produce and reducing spoilage.

Holland Bamboo invested over \$150 Million in building and equipping the factory in support of the Agro-Park initiative by the Agro-Investment Corporation (AIC). This facility has been built in support of the AIC's initiative to create an Agro-Park on lands previously used for sugarcane production.

The facility is in an Agro hub of Jamaica, making it easier for farmers to deliver their produce versus having to come all the way into Kingston.

Our commitment to supporting farmers is not just a business decision; it's a moral imperative. We believe that it's our responsibility to support the communities that make our business possible, and we will continue to do everything in our power to support our farmers. By doing so, we hope to contribute to a sustainable future for our company, our farmers, and our society. We take pride in knowing that our commitment to sourcing quality raw materials from farmers helps to create sustainable livelihoods for them and their families.

# RESPONSIBILITY

# Corporate Social

Spur Tree Spices Jamaica Ltd. is a socially responsible company, and we are committed to making a positive impact in our local communities. We remain enthusiastic about supporting and leading key corporate social responsibility initiatives.

## USAID SPARK DAY PARTNERSHIP

Spur Tree Spices partnered with USAID on its ADVANCE initiative, which aims to connect Jamaican students with businesses and entrepreneurs to provide them with hands-on learning opportunities. Spur Tree Spices welcomed students to its factory to discuss our current processes and some of our plans. The students gained valuable insight through exposure to an agro-processing plant and were informed of the opportunities that exist in the agro-processing sector.

The aim of this partnership is to contribute to the development of the next generation of Jamaican entrepreneurs and industry leaders by inspiring and encouraging students to pursue careers in the agro-processing industry.

## PARTNERSHIP WITH THE MINISTRY OF AGRICULTURE AND FISHERIES AND NATIONAL FISHERIES AUTHORITY OF JAMAICA

Spur Tree Spices partnered with the Ministry of Agriculture and Fisheries and the National Fisheries Authority of Jamaica on its 'Grow Smart, Eat Smart' campaign. Overall, the 'Grow Smart, Eat Smart' campaign employs a range of strategies to sustain the agricultural sector in Jamaica. By promoting the consumption of locally sourced tilapia, creating new recipes, organising cooking demonstrations, partnering with local businesses, and promoting sustainable fishing practices, the campaign is helping to support local farmers and promote the long-term growth and development of Jamaica's agricultural sector. Through this partnership, Spur Tree Spices played a role in promoting the consumption of locally sourced tilapia by being one of the sponsors for the competition where persons had to create new recipes for testing and judging.

## PARTNERSHIP WITH SCIENTIFIC RESEARCH COUNCIL OF JAMAICA

Spur Tree Spices also remains committed to supporting and working with the Scientific Research Council (SRC) of Jamaica. The SRC is instrumental in supporting Jamaica's manufacturing and export industries by providing a range of services and support to these sectors, including research and development, technical assistance, and training. By leveraging scientific research and technology, the SRC helps Jamaican manufacturers and exporters to improve their products, processes, and competitiveness in the global market.

The company participated in several expos and exhibitions hosted by the council, including the 'SRC on Show: Unlocking Success' expo. The expo provided information on alternative sources of income for Jamaicans, providing financial counselling to aspirants and showcased the products of various businesses assisted by the SRC over the years.

Through this partnership, Spur Tree Spices was able to showcase its products and expertise and contribute to the development of the local community by providing information on alternative sources of income.

## DONATIONS TO SCHOOL FUNDRAISING ACTIVITIES

In addition to these partnerships, Spur Tree Spices also donated seasonings to several school fundraising activities, including the Seaview Early Childhood Development Centre's Parent Teacher Association (PTA) Jerk Fest. These donations helped to support local schools and communities and provided opportunities for students to learn about healthy eating habits.

Overall, the corporate social responsibility initiatives highlight the company's dedication to promoting sustainable development, supporting local communities, and contributing to the growth and development of Jamaica. Through these partnerships and donations, Spur Tree Spices has not only made a positive impact on local communities but has also strengthened its reputation as a socially responsible and community-focused company.

As we move ahead, we are committed to expanding on the work done in 2022.



Sasha Kay Gooden, winner of the Grow Smart Eat Smart competition



Mohan Jagnerine with Dr Ryan Francis from Scientific Research Council

**Spur Tree Spices  
Jamaica Limited**

# CONSOLIDATED FINANCIAL STATEMENTS

**31 DECEMBER 2022**

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Chartered Accountants  
26 Beechwood Avenue  
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Kingston 5, Jamaica

### INDEPENDENT AUDITORS’ REPORT

To the Members of  
Spur Tree Spices Jamaica Limited

#### Report on the Audit of the Financial Statements

##### Opinion

We have audited the financial statements of Spur Tree Spices Jamaica Limited (“the Company”) comprising the stand-alone financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (collectively “the Group”) set out on pages 61 to 116, which comprise the Group’s and the Company’s statements of financial position as at 31 December 2022, the Group’s and the Company’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2022, and of the Group’s and the Company’s financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of 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 are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

##### Key Audit Matters

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

Partners: S. M. McFarlane, J. Hibbert, D. Hobson, B. Vairioli, K. Heron  
Associate Partner: D. Brown  
Offices in Montego Bay, Mandeville and Ocho Rios  
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Spur Tree Spices Jamaica Limited

**Key Audit Matters (cont'd)**

Key audit matter	How our audit addressed the Key audit matter
<p><b>Impairment Assessment of Goodwill</b></p> <p>See notes 2(b), 2(h) and 12 of the consolidated financial statements</p> <p>The carrying value of the group's goodwill may not be recoverable due to changes in the business and economic environment in which the subsidiary operates. These factors create inherent uncertainty in forecasting and require significant judgement in estimating and discounting future cash flows that support the assessment of recoverability.</p> <p>Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at 31 December 2022.</p> <p>We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation.</p>	<p>Management's impairment assessment was tested by performing the following procedures, amongst others:</p> <ol style="list-style-type: none"> <li>1. We obtained management's discounted cash flow model (DCF) including qualitative and quantitative analyses and obtained an understanding of the process used by management to determine the value in use of each cash generating unit (CGU).</li> <li>2. We compared management's assumptions to externally derived data as well as our own assessments of key inputs, such as projected economic growth, competition, cost inflation and discount rates, as well as performing sensitivity analysis on the assumptions.</li> <li>3. We tested management's impairment testing model calculations for mathematical accuracy.</li> </ol> <p>Based on the audit procedures performed, no adjustments were made to the financial statements.</p>



**INDEPENDENT AUDITORS' REPORT (CONT'D)**

To the Members of  
Spur Tree Spices Jamaica Limited

**Key Audit Matters (cont'd)**

Key audit matter	How our audit addressed the Key audit matter
<p><b>Accounting for business combinations (Group)</b></p> <p>Refer to notes 2(b) and 27 to the consolidated financial statements for disclosures of related accounting policies and balances.</p> <p>On 3 October 2022, the company acquired 51% of the share capital of Canco Limited. Management assessed that the acquisition qualified as a business combination resulting in recognition of goodwill in the amount of \$175.5 million.</p> <p>We focused on this area due to the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgment in determining certain estimates.</p>	<p>We evaluated the appropriateness of the accounting for the acquisition as a business combination and ensured it complied with management's accounting policies and the applicable accounting standards.</p> <p>We held discussions with management to understand and evaluate their basis for determining assumptions. This included evaluating the appropriateness of valuation methodologies utilised to derive the fair value of identified intangible assets and evaluating the reasonableness of the underlying valuation assumptions and inputs.</p> <p>We recalculated the goodwill, being the difference between the total net consideration and the fair values of the assets and liabilities acquired for mathematical accuracy.</p> <p>Based on the audit procedures performed, management's accounting, judgements and estimates relating to the business combination were not unreasonable.</p>



### INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Spur Tree Spices Jamaica Limited

#### 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.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the 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 the 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 Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and 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.



### INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
Spur Tree Spices Jamaica Limited

#### Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or 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 Company or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

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



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#### INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of  
 Spur Tree Spices Jamaica Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Jennifer Hibbert.

Chartered Accountants

19 May 2023

## Spur Tree Spices Jamaica Limited

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

31 DECEMBER 2022

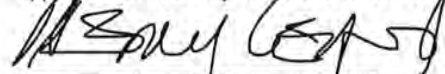
	Notes	2022 \$'000	2021 \$'000
REVENUE	5	1,028,530	859,718
Cost of sales		( 697,443)	(577,415)
<b>GROSS PROFIT</b>		331,087	282,303
Other operating income	8	2,236	1,385
		333,323	283,688
Administrative and other expenses		( 195,258)	(142,264)
Impairment losses on trade receivables	4(d)(ii)	( 12,060)	( 1,158)
<b>OPERATING PROFIT</b>		126,005	140,266
Finance costs	9	( 12,564)	( 16,124)
<b>PROFIT BEFORE TAXATION</b>		113,441	124,142
Taxation	10	( 2,181)	( 32,823)
<b>PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME</b>		<u>115,622</u>	<u>91,319</u>
<b>TOTAL COMPREHENSIVE INCOME</b>			
ATTRIBUTABLE TO:			
Owners of the Company		116,813	91,319
Non-controlling interest		( 1,191)	-
		<u>115,622</u>	<u>91,319</u>
<b>EARNINGS PER STOCK UNIT</b>	26	<u>0.07¢</u>	<u>0.07¢</u>

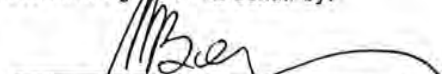
**Spur Tree Spices  
Jamaica Limited**
**CONSOLIDATED  
STATEMENT OF  
FINANCIAL POSITION**

31 DECEMBER 2022

	Notes	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	11	700,434	173,357
Intangible assets	12	187,365	11,389
Investments	14	3,777	3,750
Right-of-use asset	15	36,725	46,741
Deferred tax assets	16	6,067	3,670
		<u>934,368</u>	<u>238,907</u>
<b>CURRENT ASSETS:</b>			
Inventories	17	194,721	112,256
Receivables	18	222,335	151,052
Cash and cash equivalents	20	148,246	94,465
		<u>565,302</u>	<u>357,773</u>
		<u>1,499,670</u>	<u>596,680</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	21	366,967	157,143
Capital reserve		150	150
Retained earnings		<u>346,062</u>	<u>253,967</u>
		713,179	411,260
Non-controlling interest	22	<u>166,422</u>	-
		<u>879,601</u>	<u>411,260</u>
<b>NON-CURRENT LIABILITIES:</b>			
Lease liability	15	30,276	40,599
Director's loan	19	29,323	-
Non-current portion of borrowings	23	<u>403,908</u>	-
		<u>463,507</u>	<u>40,599</u>
<b>CURRENT LIABILITIES:</b>			
Payables	24	101,254	46,078
Taxation		982	31,594
Lease liability	15	9,697	8,615
Directors' current accounts	19	23,503	12,186
Borrowings	23	<u>21,126</u>	<u>46,348</u>
		<u>156,562</u>	<u>144,821</u>
		<u>1,499,670</u>	<u>596,680</u>

Approved for issue by the Board of Directors on 19 May 2023 and signed on its behalf by:

  
 Metry Seaga Director

  
 Albert Bailey Director

**Spur Tree Spices  
Jamaica Limited**
**CONSOLIDATED  
STATEMENT OF  
CHANGES IN EQUITY**

31 DECEMBER 2022

	Notes	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total Attributable to Equity holders of the Parent \$'000	Non- Controlling Interest \$'000	Total \$'000
BALANCE AT 1 JANUARY 2021		19,643	150	162,648	182,441	-	182,441
TOTAL COMPREHENSIVE INCOME		-	-	91,319	91,319	-	91,319
Net profit for the year		-	-	91,319	91,319	-	91,319
<b>TRANSACTIONS WITH OWNERS</b>							
Issue of shares, net	21	37,500	-	-	37,500	-	37,500
Advance on shares	21	100,000	-	-	100,000	-	100,000
		<u>137,500</u>	-	-	<u>137,500</u>	-	<u>137,500</u>
BALANCE AT 31 DECEMBER 2021		157,143	150	253,967	411,260	-	411,260
TOTAL COMPREHENSIVE INCOME		-	-	116,813	116,813	(1,191)	115,622
Net profit for the year		-	-	116,813	116,813	(1,191)	115,622
<b>TRANSACTIONS WITH OWNERS</b>							
Issue of shares, net	21	209,824	-	-	209,824	-	209,824
Dividends paid	28	-	-	(24,718)	(24,718)	-	(24,718)
Non-controlling interest on acquisition of subsidiary	27	-	-	-	-	167,613	167,613
		<u>209,824</u>	-	<u>(24,718)</u>	<u>185,106</u>	<u>167,613</u>	<u>352,719</u>
BALANCE AT 31 DECEMBER 2022		366,967	150	346,062	713,179	166,422	879,601



**Spur Tree Spices  
Jamaica Limited**
**CONSOLIDATED  
STATEMENT OF  
CASH FLOWS**

31 DECEMBER 2022

	Notes	2022 \$'000	2021 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit		115,622	91,319
Adjustments for:			
Depreciation	11	33,904	20,544
Amortisation of intangible assets	12	232	-
Amortisation of right-of-use asset	15	10,016	11,819
Impairment losses on trade receivables	4(d)(ii)	12,060	1,158
Interest expense	9	12,564	16,124
Foreign exchange gain		( 1,386)	( 891)
Interest income	8	( 1,555)	( 475)
Taxation	10	( 2,181)	32,823
		179,276	172,421
Changes in operating assets and liabilities:			
Inventories		( 27,836)	( 18,213)
Receivables		131,510	( 8,275)
Payables		9,040	( 23)
Due from related company		-	5,846
Directors' current accounts		( 6,659)	( 561)
		285,331	151,195
Taxation paid		( 27,538)	( 14,963)
Cash provided by operating activities		257,793	136,232
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	11	( 86,041)	( 31,814)
Purchase of intangible	12	( 443)	-
Interest received		1,555	475
Acquisition of subsidiary, net of cash acquired	27	(342,589)	( 34,760)
Increase in investment		-	( 3,750)
Cash used in investing activities		(427,518)	( 69,849)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Interest paid on loans		( 8,377)	( 12,895)
Dividends paid	28	( 24,718)	-
Proceeds from issue of shares, (net)	21	209,824	-
Advance on shares		-	100,000
Proceeds from loan received	20	294,800	50,000
Loans repaid	20	( 235,981)	(121,626)
Principal paid on lease liability	15	( 9,241)	( 12,815)
Interest paid on lease liability	15	( 4,187)	( 3,229)
Cash provided by/ (used in) financing activities		222,120	( 565)
		52,395	65,818
Exchange gain on foreign cash balance		1,386	131
Net increase in cash and cash equivalents		53,781	65,949
Cash and cash equivalents at beginning of year		94,465	28,516
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 20)</b>		<b>148,246</b>	<b>94,465</b>

**Spur Tree Spices  
Jamaica Limited**
**COMPANY STATEMENT OF  
PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

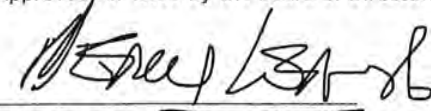
31 DECEMBER 2022

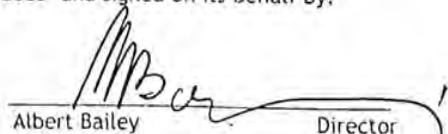
	Notes	2022 \$'000	2021 \$'000
<b>REVENUE</b>			
Cost of sales	5	906,879	856,426
		(612,405)	(586,415)
<b>GROSS PROFIT</b>			
Other operating income	8	294,474	270,011
		1,555	1,385
		296,029	271,396
Administrative and other expenses		(163,349)	(127,774)
Impairment losses on trade receivables	4(d)(ii)	( 8,115)	( 1,158)
<b>OPERATING PROFIT</b>			
Finance costs	9	124,565	142,464
		( 8,921)	( 16,124)
<b>PROFIT BEFORE TAXATION</b>			
Taxation	10	115,644	126,340
		2,202	( 27,775)
<b>PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE INCOME</b>			
		<b>117,846</b>	<b>98,565</b>

**Spur Tree Spices  
Jamaica Limited**
**COMPANY STATEMENT  
OF FINANCIAL POSITION**
**31 DECEMBER 2022**

	Notes	2022 \$'000	2021 \$'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	11	112,888	93,204
Investment in subsidiaries	13	425,000	75,000
Investment	14	3,750	3,750
Right-of-use asset	15	36,725	46,741
		<u>578,363</u>	<u>218,695</u>
<b>CURRENT ASSETS:</b>			
Inventories	17	127,554	91,575
Receivables	18	167,420	136,733
Due from related companies	19	97,381	49,521
Cash and cash equivalents	20	98,306	88,181
		<u>490,661</u>	<u>366,010</u>
		<u>1,069,024</u>	<u>584,705</u>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	21	366,967	157,143
Capital reserve		150	150
Retained earnings		354,341	261,213
		<u>721,458</u>	<u>418,506</u>
<b>NON-CURRENT LIABILITIES:</b>			
Lease liability	15	30,276	40,599
Non-current portion of borrowings	23	243,310	-
Deferred tax liabilities	16	-	2,064
		<u>273,586</u>	<u>42,663</u>
<b>CURRENT LIABILITIES:</b>			
Payables	24	51,598	33,169
Taxation		-	23,218
Lease liability	15	9,697	8,615
Directors' accounts	19	4,916	12,186
Borrowings	23	7,769	46,348
		<u>73,980</u>	<u>123,536</u>
		<u>1,069,024</u>	<u>584,705</u>

Approved for issue by the Board of Directors on 19 May 2023 and signed on its behalf by:


  
 Metry Seaga Director


  
 Albert Bailey Director

**Spur Tree Spices  
Jamaica Limited**
**COMPANY STATEMENT  
OF CHANGES IN EQUITY**
**YEAR ENDED 31 DECEMBER 2022**

	Notes	Share Capital \$'000	Capital Reserve \$'000	Retained Earnings \$'000	Total \$'000
<b>BALANCE AT 1 JANUARY 2021</b>		19,643	150	162,648	182,441
<b>TRANSACTIONS WITH OWNERS</b>					
Issue of shares, net	21	37,500	-	-	37,500
Advance on shares	21	100,000	-	-	100,000
		<u>137,500</u>	<u>-</u>	<u>-</u>	<u>137,500</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
Net profit for the year		-	-	98,565	98,565
<b>BALANCE AT 31 DECEMBER 2021</b>		157,143	150	261,213	418,506
<b>TRANSACTIONS WITH OWNERS</b>					
Issue of shares, net	21	209,824	-	-	209,824
Dividends paid	28	-	-	(24,718)	(24,718)
		<u>209,824</u>	<u>-</u>	<u>(24,718)</u>	<u>185,106</u>
<b>TOTAL COMPREHENSIVE INCOME</b>					
Net profit for the year		-	-	117,846	117,846
<b>BALANCE AT 31 DECEMBER 2022</b>		366,967	150	354,341	721,458

**Spur Tree Spices  
Jamaica Limited**
**COMPANY  
STATEMENT OF  
CASH FLOWS**
**YEAR ENDED 31 DECEMBER 2022**

	<u>Notes</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net profit		117,846	98,565
Adjustments for:			
Depreciation	11	18,498	18,868
Amortisation of right-of-use asset	15	10,016	11,819
Impairment losses on trade receivables	4(d)(ii)	8,115	1,158
Interest expense	9	8,921	16,124
Foreign exchange gain		( 929)	( 891)
Interest income	8	( 1,555)	( 475)
Taxation	10	( 2,202)	27,775
		<u>158,710</u>	<u>172,943</u>
Changes in operating assets and liabilities:			
Inventories		( 35,979)	( 14,580)
Receivables		( 38,802)	( 7,048)
Payables		18,429	( 2,342)
Due to related companies		( 47,860)	( 2,484)
Directors' current account		( 7,270)	( 561)
		<u>47,228</u>	<u>145,928</u>
Taxation paid		( 23,079)	( 14,963)
Cash provided by operating activities		<u>24,149</u>	<u>130,965</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment	11	( 38,182)	( 30,091)
Increase in investments		-	( 3,750)
Investment in subsidiary	27	(350,000)	( 37,500)
Interest received		1,555	475
Cash used in investing activities		<u>(386,627)</u>	<u>( 70,866)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from loans	20	250,000	50,000
Interest paid on loans		( 3,656)	( 12,895)
Dividends paid	28	( 24,718)	-
Proceeds from issue of shares, (net)	21	209,824	-
Advance on shares		-	100,000
Loans repaid	20	( 46,348)	(121,626)
Principal paid on lease liability	15	( 9,241)	( 12,815)
Interest paid on lease liability	15	( 4,187)	( 3,229)
Cash provided by/ (used in) financing activities		<u>371,674</u>	<u>( 565)</u>
		9,196	59,534
Exchange gain on foreign cash balances		929	131
Net increase in cash and cash equivalents		10,125	59,665
Cash and cash equivalents at beginning of year		<u>88,181</u>	<u>28,516</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 20)</b>		<u><u>98,306</u></u>	<u><u>88,181</u></u>

**Spur Tree Spices  
Jamaica Limited**
**NOTES TO THE  
FINANCIAL  
STATEMENTS**
**31 DECEMBER 2022**
**1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:**

Spur Tree Spices Jamaica Limited ("the Company") is a limited liability company incorporated and domiciled in Jamaica. The Company's registered office is located at Unit 6B1 Gamex Freezone, 76 Marcus Garvey Drive, Kingston 13.

In January 2022, the Company became publicly listed having its shares on the Junior Market of the Jamaica Stock Exchange.

During the year, the Company acquired Canco Limited, a partly owned subsidiary, which is incorporated in Jamaica.

The principal activities of the Company and its subsidiaries (the Group) are the manufacturing and distributing of seasonings, spices, canned ackees and callaloo primarily for the export market.

The Company and its subsidiaries are referred as the "the Group" in these financial statements.

**2. 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 to all the years presented. Amounts are rounded to the nearest thousand, unless otherwise stated.

**(a) Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and interpretations (collectively IFRS); and under the historical cost convention. They are also prepared in accordance with the requirements of the Jamaican Companies Act.

These financial statements are presented in Jamaican dollars, which is considered the Group's functional and presentation currency.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (a) Basis of preparation (cont'd)

**Standards, interpretations and amendments to published standards effective in the current year**

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following, which are immediately relevant to its operations:

**Amendment to IAS 16, 'Property, Plant and Equipment', (effective for accounting periods beginning on or after 1 January 2022).** This amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The adoption of this amendment is not expected to have a significant impact on the group.

**Amendment to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', (effective for accounting periods beginning on or after 1 January 2022).** This amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The adoption of this amendment is not expected to have a significant impact on the group.

**Amendment to IFRS 3, 'Business Combinations', (effective for accounting periods beginning on or after 1 January 2022).** This amendment updates the references to the Conceptual Framework for Financial Reporting and adds an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37, Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 21, 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The group will apply this amendment to future business combinations.

**Annual Improvements 2018-2020, (effective for accounting periods beginning on or after 1 January 2022).** The IASB issued its Accounting Improvements to IFRSs 2018- 2021 cycle amending a number of standards, of which the following are relevant to the company: IFRS 9, 'Financial Instruments' to clarify the fees that should be included in the 10% test for derecognition of financial liabilities; IFRS 16, 'Leases', in which illustrative example 13 was amended to remove the reimbursement of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (a) Basis of preparation (cont'd)

**New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted**

At the date of authorization, there are a number of standards, amendments to standards and interpretations, which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are:

**Amendments to IAS 1, 'Presentation of financial statements' (effective for accounting periods starting not earlier than 1 January 2024).** These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing change to this amendment. The Group is currently assessing the impact of these amendments.

**Amendments to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective for accounting periods starting not earlier than 1 January 2023).** This amendment clarifies the definition of accounting estimates to apply the concept of materiality to accounting policy disclosures. Estimates and Errors clarifies how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The Group will assess the impact of future adoption of this amendment on its financial statements.

The Group has concluded that there are no other relevant standards, interpretations and amendments to existing standards, which are published but not yet effective that would be expected to have a material impact on the operations of the Group.

## (b) Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (b) Basis of consolidation (cont'd)

The consolidated financial statements present the results of the Company and its subsidiary ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The consolidated financial statement includes the following subsidiaries:

Entities	% Shareholding held by:	
	Parent Company	Non - controlling interest
Exotic Products (Successors) Limited	100	-
Canco Limited	51	49

During the period, the Group acquired the 51% shareholding of Canco Limited, a company incorporated and domiciled in Jamaica (Note 27).

In the prior year, the Group acquired 100% of the share capital of Exotic Products (Successors) Limited (Note 27).

**Goodwill**

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. Direct costs of acquisition are recognised immediately as an expense.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (b) Basis of consolidation (cont'd)

**Goodwill (cont'd)**

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of profit or loss and other comprehensive income on the acquisition date.

The Group uses the audited financial statements of its subsidiaries as at 31 December 2022 for the purpose of consolidation.

**Non-controlling interests**

The Group recognises non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions, that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

## (c) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss.

## (d) Financial assets

A financial asset is any contract that gives rise to both a financial asset for one entity and a financial liability or equity instrument of another entity. The Group classifies its financial assets into the category amortised cost as follows:

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (d) Financial assets (cont'd)

**Amortised cost**

These assets arise principally from the provision of goods and services to customers (eg trade receivables), 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 amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured at amortised cost comprise trade receivables, balances due from related companies and cash and cash equivalents 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 and - for the purpose of the statement of cash flows - bank overdrafts.

**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 and adjusted for forward looking information. 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 in 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. Impairment losses are included as a line item on the statement of profit or loss, if any.

**Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (e) Financial liabilities

The Group's financial liabilities net of transaction costs, are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, payables and borrowings were classified as financial liabilities payables and borrowings.

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

## (f) Impairment of non-financial assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs').

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income.

## (g) Property plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line basis at annual rates estimated to write off the carrying value of the assets over the period of their expected useful lives. Annual rates are as follows:

Building	2½%
Leasehold improvements (Shorter of life of asset and lease term)	20%
Machinery and equipment	10%-25%
Furniture, Fixture and Equipment	10%-33.3%
Computer Equipment	33.33%
Motor vehicles	20%

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (g) Property plant and equipment (cont'd)

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than the estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining profit or loss.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

## (h) Intangible assets

**Goodwill**

Goodwill is recorded at cost and represents the excess of the value of consideration paid over the group's interest in net fair value of the identifiable assets and liabilities of the acquiree. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

**Computer software**

Purchased software and costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These assets are measured at cost less accumulated amortisation and impairment losses, if any. The assets are amortised commencing on the date that they are put into use, using the straight-line method over their expected useful lives, which is between three (3) to four (4) years.

Subsequent costs associated with maintaining computer software programs are recognised as an expense, as incurred.

31 DECEMBER 2022

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (i) Investment in subsidiaries

Investment in subsidiaries is included in the separate financial statements of the Company and is measured at cost. On disposal of the investment in subsidiary, the difference between net disposal proceeds and the carrying amount of the investment is taken to the statement of profit or loss and other comprehensive income.

## (j) Inventories

Inventories are recognized at the lower of cost and net realizable value. Cost is determined on the weighted average method for raw materials, and standard cost basis for finished goods and work-in-progress. Cost comprises all the costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## (k) Borrowings

Borrowings, which includes short term loans are recognized initially as the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

## (l) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Initially, payables are recognised at fair value and subsequently stated at amortised cost.

## (m) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits or loss for the year, which differ from the profit or loss before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (m) Current and deferred income taxes (cont'd)

Deferred tax is the tax that is 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 liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is charged or credited to profit or loss.

## (n) Leases

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

- Leases of low value assets; and
- 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 entity'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 payment and non-lease components are expensed in the period to which they relate.

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

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

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (n) Leases (cont'd)

Right-of-use assets are initially measured at an amount equal to the initial value of the lease liabilities reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group 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.

When the Group renegotiates the contractual terms of a lease with the lessor, that is, the lease contract is modified and the lease modification is not accounted for as a separate lease, or there is a change in the assessment of the exercise of an extension option, the lease obligation is re-measured by discounting the revised lease payments using a revised discount rate resulting in a corresponding adjustment to the right-of-use asset. The revised carrying amount is amortised over the remaining lease term.

## (o) Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements. A party is related to the Group, if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
  - (a) is controlled by, or is under common control with, the Group;
  - (b) has an interest in the Group that gives it significant influence over the entity; or
  - (c) has joint control over the Group.
- (ii) The party is a member of the key management personnel of the entity or its parent;
- (iii) The party is a close member of the family of any individual referred to in (i) or (iv);
- (iv) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii).



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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (o) Related party (cont'd)

A related party is a person or entity that is related to the entity that is preparing its financial statements. A party is related to the Group, if:

- (i) Directly, or indirectly through one or more intermediaries, the party:
  - (a) is controlled by, or is under common control with, the Group;
  - (b) has an interest in the Group that gives it significant influence over the entity; or
  - (c) has joint control over the Group.
- (ii) The party is a member of the key management personnel of the entity or its parent;
- (iii) The party is a close member of the family of any individual referred to in (i) or (iv);
- (v) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (ii) or (iii).

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

## (p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of returns and discounts after eliminating sales within the Group.

**Sales of goods**

The majority of the Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods is transferred to the customer. This is generally when the goods are delivered to the customer.

**Interest income**

Interest income is recognised using the effective interest method.

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

## (q) Share capital

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

## (r) Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note.

## (s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. Each operating segment's operating results are reviewed regularly by the Group's Chief Operating decision-maker (CODM) who makes decisions about resources to be allocated to the segments and assesses their performances. The Group has identified the Chief Executive Officer as its CODM.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgement and estimates are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

## (a) Critical judgement in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has not made any judgement that it believes would cause a significant impact on the amount recognised in the financial statements.

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## 3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

## (b) Key sources of estimation uncertainty

The Group makes certain estimates and assumptions regarding the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts assets and liabilities within the next financial year are discussed below:

## (i) Allowance for impairment losses on trade receivables

Allowances for doubtful accounts are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the group segments its trade receivables in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual credit loss experience over the last 12 months and analysis of future delinquency, that is applied to the balance of the trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions makes uncertainty inherent in such estimates.

## (ii) Assessment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(h). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and discount rate. Any changes in these variables would impact the value in use calculations.

## 4. FINANCIAL RISK MANAGEMENT:

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk, and
- Market risk

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

In common with all other businesses, the Group's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the Group and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

## (a) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Related company
- Cash and cash equivalents
- Payables
- Borrowings
- Lease liability

## (b) Financial instruments by category

## Financial assets

	The Group Amortised cost		The Company Amortised cost	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade receivables	141,764	84,404	118,258	84,613
Related company	-	-	60,204	49,521
Cash and cash equivalent	148,246	94,465	98,306	88,181
<b>Total financial assets</b>	<b>290,010</b>	<b>178,869</b>	<b>276,768</b>	<b>222,315</b>

## Financial liabilities

	The Group Amortised cost		The Company Amortised cost	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Payables	81,326	42,600	32,022	30,134
Borrowings	425,034	46,348	251,079	46,348
Lease liability	39,973	49,214	39,973	49,214
<b>Total financial liabilities</b>	<b>546,333</b>	<b>138,162</b>	<b>323,074</b>	<b>125,696</b>

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (c) Financial instruments not measured at fair value

Financial instruments not measured at fair value include cash and cash equivalent, trade receivables, borrowings and payables.

Due to their short-term nature, the carrying value of cash and cash equivalent, trade receivables, related company and payables approximates their fair value.

The carrying values of borrowings approximates their fair value as these liabilities are carried at amortised cost reflecting contractual obligations and the interest rates are reflective of current market rates for similar transaction.

## (d) Financial risk factors

The Board of Directors together with management has responsibility for the determination of the Group's risk management objectives and policies. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

## (i) Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

## Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from foreign dominated bank balances, receivables and payables. The Group manages this risk by ensuring that foreign assets are kept to an acceptable level by monitoring currency positions.

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (i) Market risk (cont'd)

## Currency risk (cont'd)

## Concentration of currency risk

The Group and Company is primarily exposed to foreign currency risk in respect of United States Dollars and Pound Sterling as follows:

	The Group		The Company	
	USD \$'000	GBP \$'000	USD \$'000	GBP \$'000
<b>31 December 2022:</b>				
<b>Financial assets/(liabilities):</b>				
Cash and cash equivalent	91,536	-	81,721	-
Trade receivables	15,563	-	-	-
Payables	(731)	-	-	-
<b>Net financial assets</b>	<b>106,368</b>	<b>-</b>	<b>81,721</b>	<b>-</b>
<b>31 December 2021:</b>				
<b>Financial assets/(liabilities):</b>				
Cash and cash equivalent	32,400	-	32,400	-
Trade receivables	80,164	-	80,164	-
Payables	(2,851)	(2,889)	(2,851)	(2,889)
<b>Net financial assets/(liabilities)</b>	<b>109,713</b>	<b>(2,889)</b>	<b>109,713</b>	<b>(2,889)</b>

## Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated balances as disclosed above, and adjusts their translation at the year-end for 4% (2021-8%) depreciation and a 1% (2021- 2%) appreciation of the Jamaican dollar against the US dollar and pound. The changes below would have no impact on other components of equity.

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (i) Market risk (cont'd)

## Currency risk (cont'd)

## Foreign currency sensitivity (cont'd)

Currency	The Group			
	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
	2022	2022 \$'000	2021	2021 \$'000
USD	-4	4,255	-8	8,777
USD	+1	(1,064)	+2	(2,194)
GBP	-4	-	-8	( 231)
GBP	+1	-	+2	58

Currency	The Company			
	% Change in Currency Rate	Effect on Profit before Taxation	% Change in Currency Rate	Effect on Profit before Taxation
	2022	2022 \$'000	2021	2021 \$'000
USD	-4	3,269	-8	8,777
USD	+1	( 818)	+2	(2,194)
GBP	-4	-	-8	( 231)
GBP	+1	-	+2	58

## Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is not exposed to market price fluctuations at the reporting date.

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (i) Market risk (cont'd)

## Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

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

The Group is exposed to both fair value and cash flow interest rate risk on its short term deposits and borrowings, respectively. The group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and borrowings are the only interest bearing asset and liability within the Group. The Group's short term deposits are due to mature and re-price within three (3) months of the reporting period and the Group's borrowings are fixed for a period and then revised.

## Interest rate sensitivity

A 1% increase or decrease in interest rates on Jamaican dollar borrowings would result in a \$2,511,000 increase or decrease in profit before tax for the group. There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

## (ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises principally from related company, trade receivables and cash and cash equivalent.

The Group manages this risk as follows:

## Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of the related company, trade receivables and cash and cash equivalent in the statement of financial position.

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (ii) Credit risk (cont'd)

## Related company

This represents yearend balance arising from transactions during the year. The related companies conduct all transaction through their current account with the Group. The credit risk associated with these balances is considered low due to the credit quality of the related company. Therefore, no allowance was recognised.

## Cash and cash equivalents

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limits the amount of credit exposure to any one financial institution. No allowance for impairment is deemed necessary.

## Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analysed individually for creditworthiness prior to the Group offering them a credit facility. Customers are required to provide a guarantee and credit limits are assigned to each customer. Overseas customers are given a credit period of thirty (30) days and local customers fifteen (15) days credit.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk such as aging.

The expected loss rates are based on the Group's historical credit losses experienced over the prior period to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) rate of the country in which it sells its products to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table provides information about the ECL's for trade receivables as at 31 December.

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (ii) Credit risk (cont'd)

## Trade receivables (cont'd)

Aging	The Group		
	2022		
	Gross Carrying Amount \$'000	Default Rate %	Lifetime ECL Allowance \$'000
0 - 30 days	135,587	0.01	1,942
31 - 60 days	7,502	0.46	3,447
61 - 90 days	1,005	0.65	655
Over 90 days	10,888	0.66	7,174
Total	154,982		13,218
	2021		
	Gross Carrying Amount \$'000	Default Rate %	Lifetime ECL Allowance \$'000
0 - 30 days	83,036	0.40	332
31 - 60 days	2,526	32.69	826
Total	85,562		1,158
	The Company		
	2022		
	Gross Carrying Amount \$'000	Default Rate %	Lifetime ECL Allowance \$'000
0 - 30 days	115,393	0.01	1,622
31 - 60 days	1,638	0.46	753
61 - 90 days	522	0.65	340
Over 90 days	9,978	0.66	6,558
Total	127,531		9,273

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (ii) Credit risk (cont'd)

## Trade receivables (cont'd)

Aging	The Company		
	Gross Carrying Amount \$'000	Default Rate %	Lifetime ECL Allowance \$'000
0 - 30 days	83,245	0.40	332
31 - 60 days	2,526	32.69	826
Total	85,771		1,158

The movement in the impairment loss is as follows:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
1 January	1,158	1,158	1,158	1,158
Charge for the year	12,060	-	8,115	-
	13,218	1,158	9,273	1,158

## (iii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

## Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a bi-weekly basis.
- (ii) Maintaining committed lines of credit.

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (iii) Liquidity risk (cont'd)

## Cash flows of financial liabilities

The maturity profile of the Group's and Company's financial liabilities, based on contractual undiscounted payments, are as follows:

	The Group				
	Within 1 Year \$	1 to 2 Years \$	3 to 5 Years \$	Over 5 Years \$	Total \$
<b>31 December 2022</b>					
Payables	81,326	=	=	=	81,326
Long term loans	20,047	151,906	228,862	91,992	492,807
Lease liability	12,995	26,215	41,755	-	80,965
<b>Total financial liabilities (contractual maturity dates)</b>	<b>114,368</b>	<b>178,121</b>	<b>270,617</b>	<b>91,992</b>	<b>655,098</b>
<b>31 December 2021</b>					
Payables	42,600	=	=	=	42,600
Long term loans	48,861	-	-	-	48,861
Lease liability	12,652	13,256	27,898	-	53,806
<b>Total financial liabilities (contractual maturity dates)</b>	<b>104,113</b>	<b>13,256</b>	<b>27,898</b>	<b>-</b>	<b>145,267</b>

# Spur Tree Spices Jamaica Limited

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (d) Financial risk factors (cont'd)

## (iii) Liquidity risk (cont'd)

Cash flows of financial liabilities (cont'd)

The maturity profile of the Group's and Company's financial liabilities, based on contractual undiscounted payments, are as follows:

	The Company				Total \$
	Within 1 Year \$	1 to 2 Years \$	3 to 5 Years \$	Over 5 Years \$	
<b>31 December 2022</b>					
Payables	32,022	-	-	-	32,022
Long term loans	28,541	61,933	190,960	46,450	327,884
Lease liability	12,995	26,215	41,755	-	80,965
<b>Total financial liabilities (contractual maturity dates)</b>	<b>73,558</b>	<b>88,148</b>	<b>232,715</b>	<b>46,450</b>	<b>440,871</b>
<b>31 December 2021</b>					
Payables	30,134	-	-	-	30,134
Long term loans	48,861	-	-	-	48,861
Lease liability	12,652	13,256	27,898	-	53,806
<b>Total financial liabilities (contractual maturity dates)</b>	<b>91,647</b>	<b>13,256</b>	<b>27,898</b>	<b>-</b>	<b>132,801</b>

# Spur Tree Spices Jamaica Limited

## NOTES TO THE FINANCIAL STATEMENTS

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## 4. FINANCIAL RISK MANAGEMENT (CONT'D):

## (e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the Group is subject.

## 5. REVENUE:

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities and is shown net of discount and allowances. Goods are transferred to customers at a point in time.

## 6. EXPENSES BY NATURE:

Total direct, administration and other expenses:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cost of sales recognized as expense	673,463	554,276	583,373	576,621
Directors' remuneration and fees	30,066	30,170	30,065	29,120
Staff costs (Note 7)	71,325	55,851	50,157	37,023
Depreciation	33,904	20,544	18,498	18,868
Amortisation of right-of-use asset	10,016	11,819	10,016	11,819
Maintenance fee	13,168	7,228	13,168	7,228
Utilities	4,663	4,390	10,651	3,547
Advertising and promotion	9,326	737	9,326	737
Auditors' remuneration	4,100	2,250	2,300	1,750
Insurance	7,642	7,081	7,039	6,439
Repairs and maintenance	6,580	2,862	6,580	2,862
Legal and professional fees	11,421	4,828	8,315	3,837
Travel and entertainment	4,131	4,614	4,132	4,389
Motor vehicles expenses	7,150	7,341	4,427	6,784
Donations and subscriptions	997	-	-	-
Acquisition expenses	2,253	-	2,253	-
Other expenses	2,496	5,688	15,454	3,165
	<b>892,701</b>	<b>719,679</b>	<b>775,754</b>	<b>714,189</b>

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## 7. STAFF COSTS:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Salaries	56,156	42,400	34,856	24,636
Statutory payroll contributions	8,917	8,204	8,917	7,598
Staff welfare	5,645	4,870	5,777	4,412
Other	607	377	607	377
	<u>71,325</u>	<u>55,851</u>	<u>50,157</u>	<u>37,023</u>

The number of persons employed by the Group at the end of the year was 115 (2021: 111)

## 8. OTHER OPERATING INCOME:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interest income	1,555	475	1,555	475
Other income	224	-	-	-
Foreign exchange gain	457	910	-	910
	<u>2,236</u>	<u>1,385</u>	<u>1,555</u>	<u>1,385</u>

## 9. FINANCE COSTS:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Interest on loans	8,210	12,895	4,734	12,895
Other finance costs	167	-	-	-
Interest on lease liability (Note 15)	4,187	3,229	4,187	3,229
	<u>12,564</u>	<u>16,124</u>	<u>8,921</u>	<u>16,124</u>

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## 10. TAXATION:

- (a) Taxation is computed on the profit for the year, adjusted for tax purposes and comprise income tax at 25%:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current taxation	355	26,158	-	23,079
Prior year over-accrual	( 138)	1,381	( 138)	-
Deferred taxation (Note 16)	( 2,398)	5,284	( 2,064)	4,696
	<u>( 2,181)</u>	<u>32,823</u>	<u>( 2,202)</u>	<u>27,775</u>

- (b) The tax on profit before taxation differs from the theoretical amount that would arise using the applicable tax rate of 25% as follows:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Profit before taxation	<u>113,441</u>	<u>124,142</u>	<u>115,644</u>	<u>126,340</u>
Tax calculated at 25%	28,360	31,036	28,911	31,585
Adjusted for the effects of:				
Depreciation charges and capital allowance	3,267	( 142)	1,905	( 345)
Expenses not deducted for tax purposes	9,426	2,291	9,416	2,291
Prior year under/(over)-accrual	( 138)	1,381	( 138)	-
Employment tax credit	-	(11,611)	-	( 9,813)
Corporate tax credit	-	( 375)	-	-
Adjustment for the effect of tax remission (see Note 10 (c))	( 42,296)	-	( 42,296)	-
Other charges and allowances	( 800)	10,243	-	4,057
	<u>( 2,181)</u>	<u>32,823</u>	<u>( 2,202)</u>	<u>27,775</u>



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## 10. TAXATION (CONT'D):

## (c) Remission of income tax:

The Company's shares became listed on the Junior Market of the Jamaica Stock Exchange (JSE), effective January 2022. Consequently, the Company will be entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years and is not suspended from the JSE due to breaches.

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

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

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## 11. PROPERTY, PLANT AND EQUIPMENT:

	The Group						Total \$'000
	Land, building & Leasehold Improvements \$'000	Machinery & Equipment \$'000	Computer Equipment \$'000	Fixtures & Equipment \$'000	Motor Vehicles \$'000	Construction Work in progress \$000	
At cost -							
1 January 2021	30,591	98,095	5,649	4,029	5,202	-	143,566
Acquisition through business combination (Note 27)	47,168	30,805	45	1,987	11,336	-	91,341
Additions	180	30,010	144	130	1,350	-	31,814
31 December 2021	77,939	158,910	5,838	6,146	17,888	-	266,721
Acquisition through business combination (Note 27)	362,181	194,155	17,619	29,884	22,664	-	626,503
Additions	26,122	20,597	986	457	-	37,879	86,041
31 December 2022	466,242	373,662	24,443	36,487	40,552	37,879	979,265
Depreciation -							
1 January 2021	14,579	35,973	5,125	2,020	3,888	-	61,585
Acquisition through business combination (Note 27)	1,910	5,460	8	534	3,323	-	11,235
Charge for the year	6,524	11,180	573	457	1,810	-	20,544
31 December 2021	23,013	52,613	5,706	3,011	9,021	-	93,364
Acquisition through business combination (Note 27)	32,181	97,335	4,096	3,817	14,134	-	151,563
Charge for the year	5,697	21,522	1,284	1,909	3,492	-	33,904
31 December 2021	60,891	171,470	11,086	8,737	26,647	-	278,831
Net book value:							
31 December 2022	405,351	202,192	13,357	27,750	13,905	37,879	700,434
31 December 2021	54,926	106,297	132	3,135	8,867	-	173,357

# Spur Tree Spices Jamaica Limited

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## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D):

	The Company					Total \$'000
	Leasehold Improvements \$'000	Machinery & Equipment \$000	Computer Equipment \$'000	Fixtures & Equipment \$'000	Motor Vehicles \$'000	
At cost -						
1 January 2021	30,591	98,095	5,649	4,029	5,202	143,566
Additions	180	28,287	144	130	1,350	30,091
31 December 2021	30,771	126,382	5,793	4,159	6,552	173,657
Additions	26,122	10,951	986	123	-	38,182
31 December 2022	56,893	137,333	6,779	4,282	6,552	211,839
Depreciation -						
1 January 2021	14,579	35,973	5,125	2,020	3,888	61,585
Charge for the year	6,235	10,409	573	408	1,243	18,868
31 December 2021	20,814	46,382	5,698	2,428	5,131	80,453
Charge for the year	3,032	13,089	424	642	1,311	18,498
31 December 2022	23,846	59,471	6,122	3,070	6,442	98,951
Net book value:						
31 December 2022	33,047	77,862	657	1,212	110	112,888
31 December 2021	9,957	80,000	95	1,731	1,421	93,204

# Spur Tree Spices Jamaica Limited

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## 12. INTANGIBLE ASSETS:

	The Group		
	Goodwill \$'000	Computer Software \$'000	Total \$'000
At cost -			
Acquisition through business combination (Note 27)	11,389	-	11,389
1 January 2022	11,389	-	11,389
Acquisition through business combination (Note 27)	175,545	4,410	179,955
Addition	-	443	443
31 December 2022	186,934	4,853	191,787
Amortisation -			
Acquisition through business combination (Note 27)	-	4,190	4,190
Charge for the year	-	232	232
31 December 2022	-	4,422	4,422
Net book value -			
31 December 2022	186,934	431	187,365
31 December 2021	11,389	-	11,389

## Impairment tests for goodwill

The Group determines whether goodwill is impaired at the end of each reporting period or when events or changes in circumstances indicate that the carrying value may be impaired. In testing goodwill for impairment, recoverable amounts of the cash-generating units (CUG) is estimated based on value-in-use. Where the recoverable amounts exceed the carrying amounts, no impairment allowance is made. The recoverable amount of a CUG is determined based on value in use calculations. These calculations use cash flow projects based on financial information covering a five-year-period which are discounted using long term discount rates applicable to the Group. Based on the assessment, no impairment loss was recognized.

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**13. INVESTMENT IN SUBSIDIARIES:**

Investments in the shares of the following:

	The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Exotic Products Jamaica (Successors) Limited - 100,000 shares	75,000	75,000
Canco Limited- 301,724,140	<u>350,000</u>	<u>-</u>
	<u>425,000</u>	<u>75,000</u>

**14. INVESTMENTS:**

This represents investments in Holland Bamboo Limited and Catiki Food Limited.

**15. LEASES:**

The Group recognized the right-of-use asset for its leased premise as follows:

	The Group and The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
At 1 January	46,741	35,133
Effect of modification to lease term	-	23,427
Amortisation	<u>(10,016)</u>	<u>(11,819)</u>
	<u>36,725</u>	<u>46,741</u>

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**15. LEASES (CONT'D):**

The following table presents the lease obligation for the Group:

	The Group and The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
At 1 January	49,214	38,602
Effect of modification to lease term	-	23,427
Interest expense on lease obligation	4,187	3,229
Lease payments	<u>(13,428)</u>	<u>(16,044)</u>
	<u>39,973</u>	<u>49,214</u>
Current portion	9,697	8,615
Non-current portion	<u>30,276</u>	<u>40,599</u>
	<u>39,973</u>	<u>49,214</u>
Amount recognised in the statement of profit or loss:		
	The Group and The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Amortisation	10,016	11,819
Interest on lease liabilities	<u>4,187</u>	<u>3,229</u>
	<u>14,203</u>	<u>15,048</u>
Amount recognised in the statement of cash flows:		
	The Group and The Company	
	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Total cash outflows for leases excluding interest	<u>9,241</u>	<u>12,815</u>

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## 15. LEASES (CONT'D):

The Group leases its current office and production space for fixed periods of up to three (3) years with option to renew and obtain lease term extensions of an additional two (2) years. When measuring the lease obligation, the Group discounted the remaining lease payments using its incremental borrowing rate at the date of initial application, which is 9.25% per annum.

## 16. DEFERRED TAX (ASSETS)/LIABILITIES:

Deferred income taxes are calculated in full on all temporary differences under the liability method using the principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Balance at 1 January	(3,670)	(2,632)	2,064	(2,632)
Acquisition through business combination (Note 27)	-	(6,322)	-	-
Credited to profit and loss (Note 10)	(2,397)	5,284	(2,064)	4,696
Balance at 31 December	(6,067)	(3,670)	-	2,064

The movement in deferred taxation is as follows:

	The Group 2022		
	Balance at beginning of year \$'000	Recognised in profit or loss \$'000	Balance at end of year \$'000
Deferred tax (assets)/liabilities:			
Property, plant and equipment	2,064	(8,131)	(6,067)
Acquisition through business combination (Note 27)	(5,734)	5,734	-
	(3,670)	(2,397)	(6,067)

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## 16. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D):

The movement in deferred taxation is as follows (cont'd):

	The Company 2022		
	Balance at beginning of year \$'000	Recognised in profit or loss \$'000	Balance at end of year \$'000
Deferred tax (assets)/liabilities:			
Property, plant and equipment	2,064	(2,064)	-
	2,064	(2,064)	-

The balance on the deferred taxation account was written back to profit as the Company will not be suffering tax liabilities in the foreseeable future (Note 10 (c))

	The Group 2021			
	Balance at Beginning of year \$'000	From business Combination \$'000	Recognised in profit or loss \$'000	Balance at end of year \$'000
Deferred tax assets:				
Interest payable	(4,644)	-	4,644	-
Property, plant and equipment	1,691	-	373	2,064
Acquisition through business combination (Note 27)	-	(6,322)	588	(5,734)
Unrealised foreign exchange	321	-	(321)	-
	(2,632)	(6,322)	5,284	(3,670)

**Spur Tree Spices  
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## 16. DEFERRED TAX ASSETS (CONT'D):

The movement in deferred taxation is as follows (cont'd):

	<u>The Company</u>		
	<u>2021</u>		
	<u>Balance at Beginning of year \$'000</u>	<u>Recognised in profit or loss \$'000</u>	<u>Balance at end of year \$'000</u>
Deferred tax assets:			
Interest payable	(2,028)	(2,616)	(4,644)
Property, plant and equipment	2,928	(1,237)	1,691
Unrealised foreign exchange	( 281)	602	321
	<u>619</u>	<u>(3,251)</u>	<u>(2,632)</u>

The Group has tax losses of \$269,859,000 subject to agreement with the Commissioner, Tax Administration Jamaica available to reduce future taxable profits arising from its subsidiary. Deferred tax assets arising in respect of tax losses have not been recognised as it is not probable that taxable profits will be available to allow the asset to be recovered in the foreseeable future.

## 17. INVENTORIES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022 \$'000</u>	<u>2021 \$'000</u>	<u>2022 \$'000</u>	<u>2021 \$'000</u>
Work-in-progress	27,754	26,798	27,416	26,798
Finished goods	146,065	75,333	85,665	55,794
Raw materials	<u>20,902</u>	<u>10,125</u>	<u>14,473</u>	<u>8,983</u>
	<u>194,721</u>	<u>112,256</u>	<u>127,554</u>	<u>91,575</u>

**Spur Tree Spices  
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## 18. RECEIVABLES:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022 \$'000</u>	<u>2021 \$'000</u>	<u>2022 \$'000</u>	<u>2021 \$'000</u>
Trade receivables	154,982	85,562	127,531	85,771
Less: impairment losses	( 13,218)	( 1,158)	( 9,273)	( 1,158)
	141,764	84,404	118,258	84,613
Prepayments	29,733	20,088	25,743	19,447
GCT Recoverable	32,658	20,033	11,136	9,045
IPO listing costs	-	5,835	-	5,835
Other receivables	<u>18,180</u>	<u>20,692</u>	<u>12,283</u>	<u>17,793</u>
	<u>222,335</u>	<u>151,052</u>	<u>167,420</u>	<u>136,733</u>

## 19. RELATED PARTY TRANSACTIONS AND BALANCES:

The following transactions were carried out with related parties during the year:

	<u>The Company</u>	
	<u>2022 \$'000</u>	<u>2021 \$'000</u>
(a) Purchase of goods -		
Exotic Products Jamaica (Successors) Limited	<u>290,865</u>	<u>310,876</u>
(b) Key management compensation -		
	<u>The Group</u>	<u>The Company</u>
	<u>2022 \$'000</u>	<u>2021 \$'000</u>
Directors' remuneration	27,431	29,050
Directors' fees	<u>2,635</u>	<u>1,120</u>
	<u>30,066</u>	<u>30,170</u>
	<u>30,065</u>	<u>29,120</u>

**Spur Tree Spices  
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## 19. RELATED PARTY TRANSACTIONS AND BALANCES:

The following transactions were carried out with related parties during the year (cont'd):

(c) The balances at year end were as follows:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
(i) Due from related company Exotic Products Jamaica (Successors) Limited Canco Limited	-	-	96,938	49,521
	-	-	443	-
	-	-	<u>97,381</u>	<u>49,521</u>
(ii) Due to: Director's loan	<u>29,323</u>	-	-	-
Directors' current accounts	<u>23,503</u>	<u>12,186</u>	<u>4,916</u>	<u>12,186</u>

Directors' current accounts and loan are interest free and have no fixed term of repayment.

## 20. CASH AND CASH EQUIVALENTS:

For the purpose of the cash flow statement, cash and cash equivalents comprises:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash at bank and in hand	117,356	42,376	67,416	36,092
Deposits	<u>30,890</u>	<u>52,089</u>	<u>30,890</u>	<u>52,089</u>
	<u>148,246</u>	<u>94,465</u>	<u>98,306</u>	<u>88,181</u>

The weighted average effective interest rate on deposits was 3.60% (2021: 3.00%) for the Group and Company. These deposits have an average maturity of under three (3) months. As in the prior year, no interest was accrued.

**Spur Tree Spices  
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## 20. CASH AND CASH EQUIVALENTS (CONT'D):

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank loans, excluding credit card balances.

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 January	46,348	117,974	46,348	117,974
Cash -				
Loans received	294,800	50,000	250,000	50,000
Loan repaid	(235,981)	(121,626)	(46,348)	(121,626)
Non-cash -				
Amounts recognised on business combination (Note 27)	318,788	-	-	-
Interest accrued	<u>1,079</u>	-	<u>1,079</u>	-
At 31 December (Note 23)	<u>425,034</u>	<u>46,348</u>	<u>251,079</u>	<u>46,348</u>

## 21. SHARE CAPITAL:

	The Group and The Company			
	Number of shares		Of no par value	
	2022 #'000	2021 #'000	2022 \$'000	2021 \$'000
Authorised - Unlimited ordinary shares				
Issued and fully paid -				
Opening issued and fully paid ordinary shares	1,341,567	214	157,143	214
Issued shares	-	8	-	37,500
Sub-division of shares	-	1,341,345	-	-
Initial public offering issued, net of cost (a)	335,392	-	209,824	-
Advance on shares (b)	-	-	-	<u>119,429</u>
	<u>1,676,959</u>	<u>1,341,567</u>	<u>366,967</u>	<u>157,143</u>

# Spur Tree Spices Jamaica Limited

## NOTES TO THE FINANCIAL STATEMENTS

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## 21. SHARE CAPITAL (CONT'D):

- a) In January 2022, the Company was officially listed on the Jamaica Market of the Stock Exchange. In accordance with the resolution passed on 8 October 2021, regarding the division of ordinary shares, the Company offered an additional 335,400,000 ordinary shares to the general public which was oversubscribed.
- b) During the year, the Company finalised the issue of an additional 108,108,108 shares for the amount advanced in the prior period of \$119,429,000.

## 22. NON-CONTROLLING INTEREST:

This represents the fair value of the non-controlling interest in subsidiary not wholly owned.

The following summarises information relating to Canco Limited, before any intra-group eliminations.

	<u>2022</u> <u>\$'000</u>
<b>For the period ended 31 December</b>	
Revenue	117,827
Cost of sales	( 90,090)
Gross profit	<u>27,737</u>
Administrative expenses	( 26,525)
Operating profit	<u>1,212</u>
Finance expense	<u>3,643</u>
Loss before tax	( 2,431)
Tax expense	-
Loss after tax	<u>( 2,431)</u>
Loss allocated to NCI	<u>( 1,191)</u>
Total assets	594,964
Total liabilities	<u>(255,328)</u>
Net assets	<u>339,636</u>
Carrying amount of NCI	<u>166,422</u>

# Spur Tree Spices Jamaica Limited

## NOTES TO THE FINANCIAL STATEMENTS

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## 23. BORROWINGS:

	<u>The Group</u>		<u>The Company</u>	
	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>	<u>2022</u> <u>\$'000</u>	<u>2021</u> <u>\$'000</u>
GK Investments Limited:				
Matures November 2022	-	2,515	-	2,515
Matures June 2022	-	43,833	-	43,833
First Global Bank	251,079	-	251,079	-
Sagicor Bank Jamaica Limited	<u>173,955</u>	-	-	-
	425,034	46,348	251,079	46,348
Less: current portion	<u>( 21,126)</u>	<u>(46,348)</u>	<u>( 7,769)</u>	<u>(46,348)</u>
	<u>403,908</u>	-	<u>243,310</u>	-

- (i) GK Investments Limited loans were received to aid in the acquisition of Exotic Products Jamaica (Successors) Limited and for general corporate purposes. Both loans attracted interest at 9.25% and were secured by debenture over the fixed assets of Spur Tree Spices Jamaica Limited in addition to the customary negative pledges. The loans were repaid during the year.
- (ii) The First Global Bank loan was used to assist in the acquisition of the 51% shareholding of Canco Limited. For twelve months, it will attract interest at a fixed rate of 8.75% and variable thereafter per annum. Principal repayment will commence upon completion of the twelve (12) months moratorium. The loan matures in six (6) years, October 2028 and is secured by First demand debenture and Guarantor's debenture over the present and future assets of Spur Tree Spices Jamaica Limited and Exotic Products Jamaica (Successors) Limited.
- (iii) Sagicor Bank Jamaica Limited loan which matures October 2031 attracts interest at a rate of 9.50%. The loan was used to refinance existing loans and to provide funds for capital expenditure and general corporate purposes. The loan is secured as follows:
- Unlimited personal guarantee of shareholders, held to protect the facilities in the name of Canco Limited supported by:
    - First legal mortgage, stamped to cover \$258 million over commercial properties located at Hall Head, Seaforth, St. Thomas registered at Volume 1286 Folio 237 and Volume 1277 and Folio 625 in the names of a shareholder and Canco Limited respectively.

**Spur Tree Spices  
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## 23. BORROWINGS (CONT'D):

(iii) The loan is secured as follows (cont'd):

- Collateral first demand debenture (stamped collateral to the above 1st mortgage at \$258 million) over all fixed and floating assets of Canco Limited with the powers to up stamp.
- Subordination agreement to be signed by the Directors/ Shareholders of Canco Limited postponing the Directors' / Shareholders' / Related parties loans.
- Assignment of keyman insurance on principal directors with aggregated insured amounts for minimum of \$75 million, and;
- No further loan advances to be made to Directors, Shareholders or Related Parties without the prior written authorization of the bank.

## 24. PAYABLES:

	The Group		The Company	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Trade payables	49,660	37,648	25,121	26,432
Accruals	31,666	4,952	6,901	3,702
<b>Total financial liabilities measured at amortised cost</b>	<b>81,326</b>	<b>42,600</b>	<b>32,022</b>	<b>30,134</b>
Withholding tax	2,519	-	2,519	-
Other payables	14,910	-	14,910	-
Statutory payables	2,499	3,478	2,147	3,035
	<u>101,254</u>	<u>46,078</u>	<u>51,598</u>	<u>33,169</u>

## 25. SEGMENT REPORTING:

The Group has two reportable segments which are based on the different types of products that it offers. These products are described in its principal activities (Note 1). The identification of business segments, is based on management and the internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

**Spur Tree Spices  
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## 25. SEGMENT REPORTING (CONT'D):

Performance is measured on segment profit before taxation as included in the management reports. Segment profit before taxation is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (Note 2).

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities and borrowings. Details are provided in the reconciliation from segment assets and liabilities to the group position.

The Group's activities are organised into segments as follows:

	The Group		
	Spices \$'000	2022 Canned Products \$'000	Total \$'000
Revenue	906,879	412,516	1,319,395
Inter-segmental revenue	-	(290,865)	(290,865)
<b>Total revenue from external customers</b>	<b>906,879</b>	<b>121,651</b>	<b>1,028,530</b>
Other income	1,555	681	2,236
<b>Total revenue</b>	<b>908,434</b>	<b>122,332</b>	<b>1,030,766</b>
Segment profit/(loss)	117,846	(333)	117,513
Unallocated expenses	-	-	(4,072)
Profit before taxation			113,441
Taxation			2,181
<b>Profit for the year</b>			<b>115,622</b>



**Spur Tree Spices  
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## 25. SEGMENT REPORTING (CONT'D):

The Group's activities are organised into segments as follows (cont'd):

	The Group		
	2021		
	Spices \$'000	Canned Products \$'000	Total \$'000
Revenue	856,426	339,849	1,196,275
Inter-segmental revenue	-	(336,557)	(336,557)
<b>Total revenue from external customers</b>	<b>856,426</b>	<b>3,292</b>	<b>859,718</b>
Other income	1,385	-	1,385
<b>Total revenue</b>	<b>857,811</b>	<b>3,292</b>	<b>861,103</b>
Segment profits	126,340	12,379	138,719
Unallocated expenses	-	-	(14,577)
Profit before taxation			124,142
Taxation			(32,823)
Profit for the year			<u>91,319</u>

**Spur Tree Spices  
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## 25. SEGMENT REPORTING (CONT'D):

The Group's activities are organised into segments as follows (cont'd):

	The Group		
	2022		
	Spices \$'000	Canned Products \$'000	Total \$'000
<b>Segment assets</b>			
Non-current assets	153,363	588,004	741,367
Current assets	490,662	74,669	565,331
	<u>644,025</u>	<u>662,673</u>	1,306,698
Unallocated assets-			
Deferred taxation			6,067
Other			186,905
Total group assets			<u>1,499,670</u>
<b>Segment liabilities</b>			
Non-current liabilities	30,276	-	30,276
Current liabilities	51,600	59,352	110,952
	<u>81,876</u>	<u>59,352</u>	141,228
Unallocated liabilities-			
Taxation			982
Borrowings and directors' accounts			477,859
Total group liabilities			<u>620,069</u>

**Spur Tree Spices  
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## 25. SEGMENT REPORTING (CONT'D):

The Group's activities are organised into segments as follows (cont'd):

	The Group		
	2021		
	Spices \$'000	Canned Products \$'000	Total \$'000
<b>Segment assets</b>			
Non-current assets	143,695	80,153	223,848
Current assets	316,489	43,619	360,108
	<u>460,184</u>	<u>123,772</u>	583,956
Unallocated assets-			
Deferred taxation			3,670
Other			<u>9,054</u>
Total group assets			<u>596,680</u>
<b>Segment liabilities</b>			
Non-current liabilities	40,599	-	40,599
Current liabilities	41,785	12,908	54,693
	<u>82,384</u>	<u>12,908</u>	95,292
Unallocated liabilities-			
Taxation			31,594
Borrowings and directors' current account			<u>58,534</u>
Total group liabilities			<u>185,420</u>

## 26. EARNINGS PER STOCK UNIT:

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

	2022	2021
Net profit attributable to stockholders of the parent (\$'000)	116,813	91,319
Weighted average number of ordinary stocks units ('000)	<u>1,659,500</u>	<u>1,305,347</u>
Basic earnings per stock unit (¢ per share)	<u>0.07</u>	<u>0.07</u>

**Spur Tree Spices  
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## 27. BUSINESS COMBINATION:

On 3 October 2022, the Group acquired 51% of the share capital of Canco Limited Limited for a purchase consideration of \$350 million. The company which is domiciled in Jamaica is in the business of processing and distributing canned food products locally and overseas. The Company trades as "Linstead Market Jamaica" and its leading products is canned ackee.

Since being acquired, the Company contributed revenue of \$117,827,000 and loss after taxation in the amount of \$2,431,000. Had the business been consolidated at 1 January 2022, contribution to its revenue would increase by \$268,897,000 and loss after tax would be increased by \$37,019,000.

Acquisition expenses of \$2,252,000 arose as a result of the transaction. These have been recognised as part of administrative expenses in the statement of comprehensive income.

The non-controlling interest is based on the proportionate fair value of the net assets acquired.

Details of the net asset acquired purchase consideration and goodwill at the acquisition date are as follows:

	\$'000	\$'000
Purchase consideration:		
Cash paid on date of acquisition		<u>350,000</u>
Net assets arising on the acquisition:		
Property, plant and equipment	474,940	
Intangible assets	220	
Investment	27	
Cash and bank balances	7,411	
Inventories	54,629	
Receivables	214,652	
Due to related company	1,169	
Taxation recoverable	2,864	
Payables	( 47,757)	
Director's loan and current account	( 47,299)	
Long term loans	(318,788)	
Fair value of net assets acquired		<u>342,068</u>
Non-controlling interest (49%)		<u>167,613</u>
Goodwill (Note 12)		<u>175,545</u>
Purchase consideration settled in cash		350,000
Cash and cash equivalents in business acquired		( 7,411)
Cash outflow on acquisition		<u>342,589</u>

**Spur Tree Spices  
Jamaica Limited**

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**27. BUSINESS COMBINATION (CONT'D):**

In the prior year, the Group acquired 100% of the share capital of Exotic Products Jamaica (Successors) Limited, a company domiciled in Jamaica whose principal activities are the manufacturing and distribution of canned Ackee and Callaloo for export. The purchase consideration of \$75 million on the date of acquisition comprised of a cash payment of \$37.5 million and an allotment of shares valued at \$37.5 million

Details of the net asset acquired purchase consideration and goodwill at the acquisition date are as follows:

	<u>\$'000</u>	<u>\$'000</u>
Purchase consideration:		<u>75,000</u>
Net assets arising on the acquisition:		
Property, plant and equipment	80,106	
Cash and bank balances	2,740	
Inventories	17,048	
Receivables	13,092	
Deferred tax asset	6,322	
Due to related company	(41,191)	
Payables	(10,590)	
Taxation	<u>( 3,916)</u>	
Fair value of net assets acquired		<u>63,611</u>
Goodwill (Note 12)		<u>11,389</u>
Purchase consideration settled in cash		37,500
Cash and cash equivalents in business acquired		<u>( 2,740)</u>
Cash outflow on acquisition		<u>34,760</u>

**28. DIVIDENDS:**

	<u>The Group and The Company</u>
	<u>2022</u> <u>\$'000</u>
Dividends of \$0.0175 Per ordinary share proposed and paid during the year	<u>24,718</u>

A dividend of \$0.0175 per share was approved and paid on 20 December 2022 to those shareholders on record as at 8 December 2022.



SPUR TREE SPICES JAMAICA LIMITED

Unit 6b1 Garmex Freezone, 76 Marcus Garvey Drive, Kingston 13, Jamaica W.I.

**PROXY FORM**

I/ We \_\_\_\_\_ of \_\_\_\_\_  
Shareholder's Name Shareholder's Address

being a shareholder / shareholders of Spur Tree Spices Jamaica Limited, hereby appoint

\_\_\_\_\_ of \_\_\_\_\_  
Proxy's Name Proxy's Address

or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
Proxy's Name Proxy's Address

as my/ our proxy to vote for me /us on my/our behalf at the 2023 Hybrid Annual General Meeting of the Company to be held on Monday the 21st. day of August 2023 at 10:00 a.m. and any adjournment thereof.

Please indicate, in the space provided below, your vote on each resolution Tick as Appropriate

No.	Resolutions	For	Against
1	THAT the Audited Accounts for the year ended December 31, 2022, the Report of the Directors, and the Report of Auditors thereon be hereby received and adopted.	<input type="checkbox"/>	<input type="checkbox"/>
2	The Directors retiring by rotation, in accordance with the Company's Articles of Incorporation are Mr. Stephen Ricketts and Ms. Yana Samuels., who being eligible have offered themselves for re-election to the Board of Directors.	<input type="checkbox"/>	<input type="checkbox"/>
2a	THAT Mr. Stephen Ricketts retires by rotation and being eligible be re-elected to continue as a Director of the Company for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
2b	THAT Ms. Yana Samuels retires by rotation and being eligible be re-elected to continue as a Director of the Company for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
3	THAT a dividend declared of \$0.0175 per share and paid on the 22nd. day of December 2022, to the shareholders on record as at December 8, 2022, by the Company, be approved as at the date of the 2023 Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>
4	THAT the Board of Directors of the Company be hereby authorized to fix the remuneration of the Directors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>



SPUR TREE SPICES JAMAICA LIMITED  
 Unit 6b1 Garmex Freezone, 76 Marcus Garvey Drive, Kingston 13, Jamaica W.I.

# PROXY FORM

**5** THAT BDO, Chartered Accountants of 26 Beechwood Avenue, Kingston 5, Jamaica, be hereby re-appointed as Auditor of the Company, to hold office until the next Annual General Meeting and that their remuneration be fixed by the Directors of the Company.



PLEASE SIGN WHERE APPLICABLE

\_\_\_\_\_  
 INDIVIDUAL SHAREHOLDER

\_\_\_\_\_  
 JOINT SHAREHOLDER

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 SEAL Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

**Please Note:** A shareholder/ member entitled to attend and vote at the 2023 Hybrid Annual General Meeting is required to cast his/her/their vote by way of a proxy form which must be properly executed, stamped and deposited at the registered office of the Company, at Unit 6B1 Garmex Freezone, 76 Marcus Garvey Drive, Kingston 13, Jamaica before and no later than **48 hours before the time fixed for the Meeting.**

An electronic copy of the Proxy Form is available on the Company's website at [www.spurtreejamaica.com](http://www.spurtreejamaica.com) and must be completed printed, stamped, scanned or deposited at the Registered Office of the Company, at Unit6B1 Garmex Freezone, 76 Marcus Garvey Drive, Kingston 13, Jamaica not less than forty-eight (48) hours before the time appointed for the holding of the meeting.

**NOTES:**

- 1** A member entitled to attend and vote at the 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 of 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 bear \$100.00 stamp duty which may be paid by adhesive stamp(s) to be cancelled by the person executing the proxy.
- 5** In the case of joint holders, any member may sign the proxy form to the exclusion of the other joint holder(s).

**The virtual meeting will be streamed on:**

[https://www.youtube.com/channel/UCiJ\\_x805T\\_72dvOiPekSE2w](https://www.youtube.com/channel/UCiJ_x805T_72dvOiPekSE2w)  
<https://www.facebook.com/spurtreespices/>



ANNUAL



REPORT