2022 ANNUAL REPORT

GROWING OUR BUSINESS ONE CUSTOMER AT A TIME

CARIBBEAN FLAVOURS & FRAGRANCES

OUR MISSION

Caribbean Flavours and Fragrances Limited is dedicated to providing its customers with Flavours and Fragrances of the highest Quality and Functionality. We will maintain consistency in our batches through internal and external quality systems. We endeavour to ensure that our customers, employees and stakeholders are satisfied by our daily efforts to **"TEASE THE SENSES"**.

OUR VISION

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

OUR VALUES

- » Our Word is our bond.
- » We go the Extra Mile for all our stakeholders with a spirit of Love.
- » We are Transparent.
- » We work Together to achieve our goals.
- » We accept Responsibility.
- » We display the highest Ethical Standards at all times.
- » We strive for Excellence in all that we do.
  We understand that actions speak louder than words.

Therefore, Caribbean Flavours and Fragrances Limited:

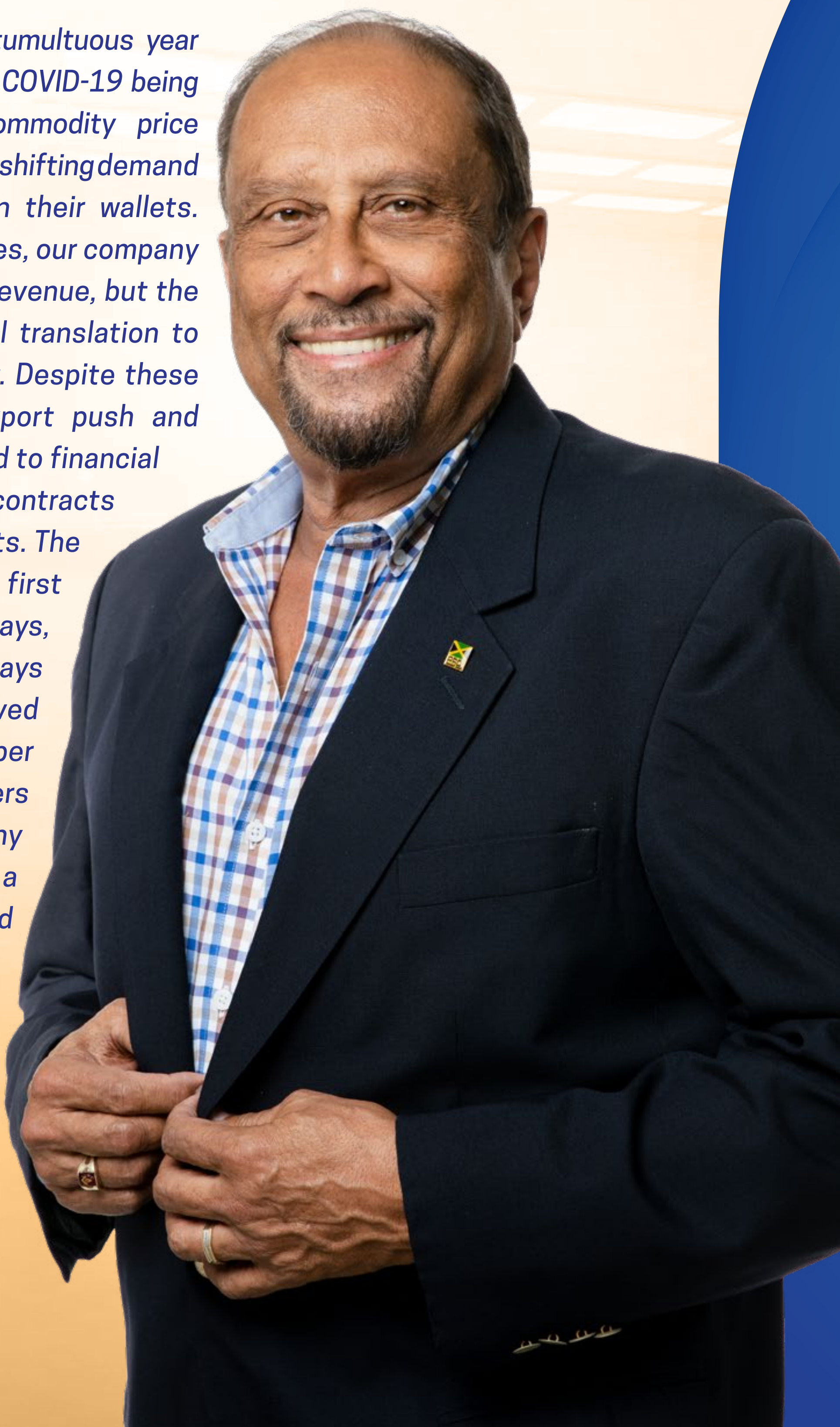
- We inspire trust.
- We keep it simple.
- We are open and inclusive.
- We tell it like it is.
- We lead from the head and the heart.
- We discuss. We decide. We deliver.

CONTENTS

CHAIRMAN'S STATEMENT

MY FELLOW SHAREHOLDERS:

The financial year 2022 was a tumultuous year with the economic rebound from COVID-19 being impacted by high inflation, commodity price volatility and unpredictability from shifting demand as consumers felt the pinch in their wallets. Despite these external challenges, our company generated and reported record revenue, but the rising prices restricted that full translation to the bottom line of the company. Despite these hurdles, CFF continued its export push and tripled its export when compared to financial year 2021 based on new contracts secured in many external markets. The company also actively held its first fragrance seminar, had open days, implemented Discount Wednesdays and held promotions which served as a way for us to build deeper relationships with our customers and establish ourselves to many other small businesses seeking a reliable and qualified flavours and fragrance partner.



Many sectors of the global economy were and still are facing tremendous instability mainly driven by rising inflation, currency depreciation, war, high unemployment and inter sectorial challenges. In Jamaica, we were not spared in 2022 as we also experienced a surge in inflation, local interest rates and price increases, especially in the commodities market and finished goods space. Despite these many and varied issues, Caribbean Flavours and Fragrances continued to invest heavily in improving factory efficiency, product development, training and exposure of our team to new trends, and has presented many first to the market.

The result of this hard work by the entire team at CFF once more recorded increased revenue of $772.229 million which is an improvement of over 21.09% when compared to $637.714 million reported 2021. This was achieved whilst proactively implementing many long term strategies which we expect will drive long term revenue in the future.

The gross profit recorded for the year was J$229.012 million representing an improvement of almost 16.90% compared to J$195.901 reported in the 2021 financial year. Given, the consistent and higher than normal price increases from our various vendors, our company had to continue with its cost sharing strategy with our customers that which was implemented in 2020. The continued absorption of many of these prices increases within our operations negatively impacted profitability with the reporting of net profit before taxes of J$70.730 million, a year over year decrease of 20.08% when compared to previous year of J$88.498 million reported in 2021.

In appreciation of our shareholders for their continued confidence and support to Caribbean Flavours and Fragrances, the Board of Directors declared a dividend of $0.025 cents per share to all shareholders on record as at September 2022.

Our recent recertification of our Safe Quality Food (SQF) status will continue to assist with our strategy of increasing our new market penetration beyond the shores of Jamaica. We will continue to channel funding into the training of our team, work and collaborate with our supplier partners, ensure that our laboratory consistently innovate and creating new product solutions so that we can continue to provide exciting options in the areas of flavours, fragrances and ingredients to the public through our cadre of manufacturers partners.

The board wishes to thank our loyal customers who have supported us throughout the years our hardworking and committed management team and staff, our shareholders and key stake holders. As we face the future together we are confident that with your continued support we will be a local company with a global reach in **"Teasing the Senses."**

Howard Mitchell CD, JP
Chairman

CARIBBEAN FLAVOURS & FRAGRANCES

NOTICE OF ANNUAL GENERAL MEETING

2022 ANNUAL REPORT

NOTICE IS HEREBY GIVEN THAT the 2023 Annual General Meeting of **CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED** (the "Company") will be held at The Terra Nova Hotel, 17 Waterloo Road, Kingston 10, St. Andrew, Jamaica on **Wednesday, September 27, 2023 at 1:00p.m.**, "in-person" or via facebook.com/derrimontrading accessible from our website at **www.caribbeanflavoursjm.com** to consider and, if thought fit, to pass the following resolutions:

1. **Audited Accounts**

   Resolution No. 1 – Directors' Report, Auditors Reports and Audited Financial Statements

   "**THAT** the Audited Accounts for the year ended December 31, 2022 and the Reports of the Directors and Auditors, circulated with the Notice convening the Meeting, be and are hereby received and adopted."

2. **Dividend**

   Resolution No. 2 – To ratify that the Ordinary dividend paid on November 30, 2022 as final for the year ended December 31, 2022.

   "**THAT** as recommended by the Directors, the interim dividends of $0.025¢ per stock as Ordinary Dividend, paid on November 30, 2022 be and are hereby ratified and declared as final and no further dividend be paid with respect to the year, ended December 31, 2022."

3. **Re-election of Directors**

   Article 97 of the Company's Article of Incorporation provides that at every Annual General Meeting one-third of the Directors are subject to retirement for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. The Directors to retire by rotation pursuant to this Article are Mr. Clive Nicholas, Mr. Anand James and Mr. Howard Mitchell, who all being eligible, offer themselves for re-election.

   Resolution No. 3 – Re-election of Directors

   Resolution No. 3a

   "**THAT** Mr. Clive Nicholas be and is hereby re-elected as a Director of the Company."

   Resolution No. 3b

   "**THAT** Mr. Anand James be and is hereby re-elected as a Director of the Company."

   Resolution No. 3c

   "**THAT** Mr. Howard Mitchell be and is hereby re-elected as a Director of the Company."

4. **Directors' Remuneration**

   Resolution No. 4 – Directors' Remuneration

   "**THAT** the amount shown in the Audited Account of the Company for the year ended December 31, 2022 as remuneration paid to the Directors for their services as Directors be and is hereby approved."

5. **Appointment of Auditors and their Remuneration**

   Resolution No. 5 – Appointment of Auditors and their Remuneration.

   "**THAT** the Auditing firm of Baker Tilly Strachan Lafayette, Chartered Accountants of 14 Ruthven Road, Kingston 10, Jamaica, having signified their willingness to serve, continue in office as Auditors of the Company, until the conclusion of the next Annual General Meeting, at a remuneration to be agreed by the Directors."

BY ORDER OF THE BOARD

Ian Kelly
Company Secretary

Dated May 3, 2023

NOTES:

1. A member eligible to attend and vote at a General Meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A proxy, so appointed, need not be a member of the Company.
2. All members are entitled to attend and vote at the meeting.
3. Enclosed is a form of proxy which must be deposited with the Secretary, at the Registered Office of the Company or the Registrar, Jamaica Central Securities Depository ("JCSD"), 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for holding the meeting.

5 YEAR STATISTICAL REVIEW

INCOME STATEMENT	2018 (J$'000)	2019 (J$'000)	2020 (J$'000)	2021 (J$'000)	2022 (J$'000)
Revenues	$674,298	$462,462	$593,753	$673,714	$772,229
Gross Profit	$242,108	$136,160	$190,581	$195,901	$229,012
Total Operating Expenses	$148,250	$111,060	$121,134	$130,394	$162,777
Profit before Taxation	$118,085	$36,807	$96,512	$88,498	$70,730
Net Profit	$115,881	$31,500	$82,299	$79,575	$61,698

BALANCE SHEET	2018 (J$'000)	2019 (J$'000)	2020 (J$'000)	2021 (J$'000)	2022 (J$'000)
Average Total Assets	$470,233	$518,545	$599,119	$680,162	$741,379
Average Working Capital	$365,985	$460,189	$416,331	$477,799	$641,047
Total Assets less Current Liabilities	$428,868	$512,341	$547,954	$626,194	$655,900

IMPORTANT RATIOS	2018 (J$'000)	2019 (J$'000)	2020 (J$'000)	2021 (J$'000)	2022 (J$'000)
Gross Profit Margin	35.91%	29.44%	32.10%	29.08%	29.66%
EBITDA Margin	18.75%	9.47%	14.53%	15.97%	12.20%
Profit Before Taxation Margin	17.51%	7.96%	16.25%	13.14%	9.16%
Current Ratio	9.94	9.11	9.13	5.89	5.88
Quick Ratio	7.07	5.83	6.53	4.02	4.11
Debt-to-Equity	0.12	0.31	0.30	0.38	0.34

CORPORATE DATA

CFF REGISTERED OFFICE
226 Spanish Town Road, Kingston 11, Jamaica
Kingston 11, Jamaica

876 923 5111
876 923 8777
876 923 4323
info@cffjamaica.com
caribbeanflavoursjm.com

AUDITORS
Baker Tilly
9 Cargill Avenue, Kingston 10, Jamaica

REGISTRAR
Jamaica Central Securities Depository
40 Harbour Street, Kingston, Jamaica

ATTORNEYS-AT-LAW
Alexander Williams & Co.
Unit 6A, Seymour Park, 2 Seymour Avenue,
Kingston 6, Jamaica

BANKERS
National Commercial Bank
32 Trafalgar Road, Kingston 10, Jamaica

Sagicor Jamaica Ltd.
17 Dominica Drive, Kingston 5, Jamaica

Scotia Investments
7 Holborn Road, Kingston, Jamaica

First Global Bank
24-48 Barbados Avenue, Kingston 5, Jamaica

DIRECTORS' REPORT FOR 2022

The Directors of Caribbean Flavours and Fragrances Limited (CFF) present their report for the twelve (12) month period ended December 31, 2022, to all our shareholders. This report outlines the major accomplishments and achievements of this Company during this financial year. This will be our first full year of operations post the Covid-19 protocols operating environment.

The financial year 2022 was a tumultuous year with the economic rebound from COVID-19 being impacted by high inflation, commodity price volatility and unpredictability resulting from shifting demand as consumers felt the pinch in their wallets. Despite these external challenges, our company generated and reported record revenue, but the rising prices restricted that full translation to the bottom line of the company. Despite these hurdles, CFF continued with its drive to increase export resulting in the tripling its total export when compared to financial year 2021.

The company held its first fragrance seminar, had open days, implemented discount Wednesdays and held promotions which served as a way of building deeper relationships with our customers and established ourselves to many other small businesses seeking a reliable and qualified flavours and fragrance partner.

Our customers continued to be the reason why we exist and remained the focus of our business. We will endeavour at all times to improve our service delivery as we are always cognizant of the fact that we operate in a changing market space that requires us to be able to satisfy our customers' needs without any form of inconvenience.

The Statement of Comprehensive Income shows revenue of $772.23 million, Gross profit of $229.01 million and profit after tax of $61.698 million. Dividend totaling $22.48 million was paid to shareholders during this reporting period.

During this financial period, our company continued to make many major positive moves and accomplished the following:

- Achieve and grow export year over revenue by 47%
- Successful recertification of the Safe Quality Foods Certification (SQF) and implemented many new best practices.
- Continuous re-tooling and further upgrade of our Manufacturing Plant thereby increasing capacity and automation of some of the manual processes.
- Rolled out new initiatives and programmes to small and medium size business within the manufacturing sector.
- Provided many new product solutions to both Jamaican, regional customers and international customers.
- Conducted product awareness and new trends seminars with customers using expects from our international partners.

Given the global supply chain and logistics challenges, we continue to give special focus and attention to every stage of the logistics and order cycle process. These actions ensured that success was achieved in 2022 with us being able to avail our customers in real time with their various requirements. Our stock out in days was also minimized and write off of inventory for new raw materials was maintained below the established tolerable limit. We continued to work with our customers within the local and regional market and have seen growth in markets such as Trinidad and Tobago, Dominican Republic, Guyana and Suriname.

Our expenditure in the area of research and development, training and exposure of our team and the capital improvement in our physical plant, continues to drive our ethos of being a Company that is able to respond in a timely manner to technological innovations and trends in global markets. This is our commitment and we will continue to engage our consumers and keep them abreast of new developments and trends as we work together and with our partners to make sustained changes to our industry.

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

Directors

The Directors of the Company as at December 31, 2022 are Messrs.

- Howard Mitchell
- Anand James
- Clive Nicholas
- Ian Kelly
- W. "Billy" Heaven
- Carlton Samuels
- Derrick Cotterell

The mentor of the Company continues to be Mrs. Tania Waldron-Gooden.

Auditors

The Auditors of the Company, Auditors Baker Tilly of 11 Cargill Avenue, Kingston 5, Jamaica and continues to provide the desired service. The Directors recommend their reappointment.

Our sincere thanks to all of our stakeholders, customers, staff, shareholders and service providers for choosing us as their partners for the supply of top-quality flavours and fragrances. We remain committed to adding value to our shareholders, providing the best products and customer service to our customer and look forward to their continued support for the foreseeable future.

For and on behalf of The Board

Howard Mitchell CD, JP
Board Chairman

DIRECTORS' PROFILE

Howard Mitchell CD, JP
Board Chairman

Mr. Howard Mitchell, President of the Private Sector Organisation of Jamaica has been appointed Chairman of the Board of Directors, Mona School of Business and Management.

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

He has demonstrated a strong commitment to Public Service for decades and was appointed to the Board of the National Housing Trust (NHT) in 1987 and again served as Chairman from February 2008 to June 2012. He was awarded the Order of Distinction (Commander Class) for outstanding service to Business and the Public Sector in 2017 and currently serves as President of the Private Sector Organisation of Jamaica and a Director of the Jamaica Manufacturers and Exporters Association. In addition, Mr. Mitchell is currently the Chairman of the Council of the Institute of Jamaica and has also served as Chairman on numerous statutory boards across a wide range of government ministries over the past twenty years. A Justice of the Peace (JP), Mr. Mitchell's philanthropic activities include his financial support of numerous charities and his membership on the Board of Mustard Seed Foundation, the Issa Trust Foundation and former Chairmanship of St. Patrick's Foundation.

Derrick Cotterell MBA, BSc
Executive Director

As Chairman and Group Chief Executive Officer of Derrimon Trading Company Ltd, Derrick has been responsible for the strategic direction and growth of the company since its inception in 1998. He also has significant experience in General Management, Sales, Marketing, and Procurement. Derrick also holds the position of Managing Director of Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Marnock LLC and Marnock Retail.

He is a member of the Board of Directors for all the subsidiaries of Derrimon, Dupont Primary School, the Governor General of Jamaica's "I Believe Initiative", and the Chairman of My Ocean Limited. He also serves as a Deacon at his Church and is always seeking out opportunities to impact the lives of young people.

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

Clive Nicholas CD, FCA
Non-Executive Director

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

Mr. Nicholas is the Chairman of the Land Taxation Relief Board, a Director of the Financial Sector Adjustment Company Limited, Financial Institutions Services Limited, Kingston College Development Trust Fund, Caribbean Flavours and Fragrances Ltd, Public Accountancy Board, Marjoblac Limited, and a trustee of the Jamaica Church Pension Scheme. He has also served as a Director of Container Services Limited and a Commissioner of the Betting Gaming and Lotteries Commission.

Anand James BA, MA, JP
Executive Director

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

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

Mr. James is a graduate of the University of the Guyana and gained a BA at that institution, he is also a graduate of the West Indies and gained an MA. From that institution.

DIRECTORS' PROFILE CONT'D

Tania Waldron-Gooden MBA, BSc
Chief Executive Officer and Executive Director

Effective January 1, 2022, Tania Waldron-Gooden was appointed Chief Executive Officer of Caribbean Assurance Brokers Limited.

Mrs. Waldron-Gooden served in the capacity of Deputy CEO of Caribbean Assurance Brokers Limited from October 1, 2020, to December 31, 2021, and has been a member of the Company's Board of Directors since November 2017.

She brings to the organization seventeen years of experience in areas of Investment Banking, Research, New Product Development, Pension Fund and Portfolio Management

Tania is a Director of Chicken Mistress Limited, Island Grill Holdings Limited, AJAS Limited, First Rock PE and Margaritaville Caribbean Group Limited. She is the Mentor and Director of Main Event Entertainment Group, Express Catering Limited and Derrimon Trading Company Limited. She is the Mentor to Spur Tree Spices Jamaica, Caribbean Flavors & Fragrances Limited, EduFocal Limited and Dolla Financial Services. She is also a co-opted committee member of the Finance & Audit Committee of the National Health Fund.

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

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 as an Individual Investment Adviser as well as to sell and give advice on Life Insurance business and Sickness & Health Insurance business.

Carlton Samuels, BSc (Hons), MS Dip (ES)
Non-Executive Officer

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

Carlton has served on several high-level international panels of strategic importance such as the Strategy Panel reviewing ICANN's role in the Internet Governance Ecosystem and the Expert Working Group, Panel for Next Generation Registration Data Directory Services for the Internet (EWG), and Panel on Competition, Consumer Confidence and Trust in the Domain Name System Review Team (CCT RT). He was formerly a Vice-Chair of ICANN's At-Large Advisory Committee (ALAC) and a founding Director of the Caribbean Internet Forum. He has held several senior executive positions in private sector and academic environments, most recently as CIO and University Director of IT at The University of the West Indies.

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

W. Bill Heaven OD, JP
Non-Executive Director

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

An experienced senior executive, Mr. Heaven has a wealth of knowledge in the areas of management, corporate restructuring, finance and strategic planning. Regarding his private secto? Experience, Mr. Heaven has worked as an accountant, Management accountant and financial controller with local and multinational corporations.

Besides his vast experience in the business sector, Mr. Heaven is an educator, having served the teaching profession for many years after graduating with distinction in teaching from Mico University College. A graduate of the University of the West Indies, he holds a BSc. Accounting (Hons.) and a MBA from that institution. He also holds post-graduate diplomas for senior executives and has been exposed to extensive executive training at the Development Bank of Canada and the financial sector in Ireland. Mr. Heaven was the recipient of the Government of Jamaica Scholarship to pursue the Senior Management Executive programme, and the Canadian International Development Agency (CIDA) Scholarship to pursue the MBA programme. Mr. Heaven is the recipient of many awards, including the prestigious Carmen Latty Cup for the most resourceful teacher.

Ian Kelly CPA, MSc (Hons), Bsc (Hons)
Executive Director / Company Secretary

Ian is adept at finance and risk management with over 25 years of senior level experience in treasury, asset management, correspondent banking, mergers and acquisitions, corporate finance and securities trading. He serves as the Group Chief Financial Officer for Derrimon Trading Company Limited and the Divisional Director for Sampars. He is responsible for the financial reporting and stewardship of the company to internal and regulatory stakeholders, monitoring of subsidiary companies, as well as the execution of the expansion strategy of the Company.

Ian is also the Chief Financial Officer and Company Secretary for Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Marnock LLC and Marnock Retail LLC.

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

Ian serves on several Boards of which he is the Chairman of The Governor-General Jamaica Trust, TyDixon Primary School, Focused Opthalmics and Reggae Marathon. He also holds Director positions at Caribbean Flavours and Fragrances Limited, Woodcats International Limited, Marnock LLC, Marnock Retail, FosRich Group of Companies, Unibev Limited, FirstRock Private Equity and Dolla Guyana.

DISCLOSURE OF SHAREHOLDINGS

TOP 10 SHAREHOLDERS

December 31, 2022

Primary Account Holder	Volume	Percentage
DERRIMON TRADING CO. LTD.	584,653,270	65.0192%
DIGIPOINT LIMITED	69,220,000	7.6980%
JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	48,995,073	5.4487%
IDEAL GLOBAL INVESTMENT LTD	30,968,610	3.4440%
IAN C. KELLY	23,228,140	2.5832%
NIGEL O. COKE	21,916,052	2.4373%
MAYBERRY MANAGED CLIENTS ACCOUNT	12,799,807	1.4235%
TROPICAL BATTERY COMPANY LIMITED CONTRIBUTORY PENSION SCHEME	10,190,987	1.1333%
MAYBERRY INVESTMENTS LTD. PENSION SCHEME	9,729,450	1.0820%
KONRAD BERRY	7,298,154	0.8116%

TOP 10 SHAREHOLDERS

December 31, 2022

PRIMARY ACCOUNT HOLDER	Volume	Percentage
DERRICK COTTERELL	-	0.00000
ANAND JAMES	-	0.00000
IAN KELLY	22,228,140	2.58320
CLIVE NICHOLAS	1.000,000	0.11121
WILFORD HEAVEN	-	0.00000
HOWARD MITCHELL	1,450,000	0.16125
TANIA WALDRON-GOODEN	-	0.00000

MANAGEMENT DISCUSSION & ANALYSIS 2022

The management of Caribbean Flavours and Fragrances Limited (CFF or company) is responsible for the integrity and presentation of the Management Discussion and Analysis (MD&A). The audited financial statements for the period ended December 31, 2022, should be read in conjunction with the MD&A for the reader to gain full clarity on the CFF's audited results. The financial information discussed below is in Jamaican Dollars (JMD), the functional currency of the company, covering the reporting period January 1 – December 31. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2022 RECAP

2022 was a tumultuous year with the economic rebound from COVID-19 being impacted by high inflation, commodity price volatility and unpredictability from shifting demand as consumers felt the pinch in their wallets. CFF managed to achieve another consecutive year of record sales, but the rising prices limited that full translation to the bottom line. Despite these hurdles, CFF continued its export push and tripled its export figures with new contracts secured in the Eastern Caribbean. The company also actively held its first fragrance seminar, had open days, discount Wednesdays and Promotion on the Lawn events which served as a way for us to build deeper relationships with our customers and establish ourselves to other small businesses seeking a reliable and qualified flavours and fragrance partner.

YEAR IN REVIEW

While the number of COVID-19 cases continued to decline and business began to stabilize, the Omicron variant dealt a blow in January to further relaxations to local COVID-19 measures as the risks presented with the virus spreading was quite significant. However, this did not deter the government from relaxing the measures even further including later curfew hours and subsequent withdrawal of the Disaster Risk Management Act (DRMA) which had been in use since March 2020. This was a breath of fresh air to the economy following two years of restrictions meant to manage the pandemic and its associated disruptions. Jamaica also benefitted from the United States of America's (USA) decision to no longer require COVID-19 testing to enter or leave the country.

Although this was a step forward for Jamaica, the country had to quickly prepare for a new crisis brewing on the European continent as Russia invaded Ukraine on February 24 which sent shockwaves across the globe. The G7 imposed severe economic restrictions on Russia which resulted in commodity prices skyrocketing with oil prices moving from US$78 at the start of the year to US$116 by the end of February. Apart from elevated oil prices, supply chains were further disrupted as Russia's role as a global commodity player was reduced with Ukraine unable to conduct normal trade for some of their normal exports which included wheat and other key metals. China also implemented even more stringent COVID-19 measures as they focused on keeping the virus contained. While this was a valiant effort to protect the domestic population, it meant that there was

reduced economic output and activity from one of the world's manufacturing power houses. These events resulted in point-to-point inflation remaining well above the Bank of Jamaica's 6.0% upper band and saw many businesses either absorbing higher prices or slowly increasing prices on consumers who were just getting used to operating normally. The company had a price increase in January to adjust for these increased costs driven by supply chain disruptions and rising input costs. This was followed up by a second increase in July due to the sharp price increases on raw materials observed in the second quarter.

The government increased the minimum wage and security salaries while also instituting policies meant to assist the population at a time when inflation was being felt across the population. One such measure was a 20% subsidy for those consuming less than 200 kWh per hour for three months and targeted social assistance to ensure that the most impacted citizens were able to have some relative relief from higher prices.

CFF continued its juggling process to balance the needs of its customers and ensuring it was adequately stocked to meet that demand. Demand began to incrementally increase throughout the year with the reopening of schools and return to normal which saw larger events as the year progressed. This resulted in CFF holding more buffer stock for different products and buying more raw materials ahead of time due to the fluctuating prices combined with disruptions in receipt of these key inputs. One issue faced by our suppliers was the gap associated with fewer drivers to move cargo across the USA, increased inland freight and delays at ports to process goods being sent and received by CFF. As a result of customer demands not necessarily meeting projections, the company wrote off inventory during the year which impacted net profit growth.

We added a mobile ladder and added a conveyor system for our liquid products to improve efficiencies for our operations. We also invested in the upskilling of our staff to ensure that our team is fully equipped in different ways in the factory. This was done to support the larger portfolio that the company would be producing across the Caribbean.

Apart from launching three new products in the first quarter, CFF hosted its second fragrances seminar at the Courtleigh Hotel which had presenters from Edgar German Lopez Iaffa, Lucas Horta and Silvia Ximena Mendoza Loza. The event was also attended by our Managing Director Derrick Cotterell and Group Chief Financial Officer Ian Kelly. The reception to the event was well received with customers being exposed to global trends in health and wellness, hair care and home care.

CFF also hosted an open day at our head office with the Bureau of Standards Jamaica, Small Business Association of Jamaica (SBAJ) and the Jamaica Manufacturers and Exporters Association (JMEA) in attendance under the theme 'Build A Drink! Improve Yuh Ting' on August 17. This flavours session had demonstrations of how to create a simple syrup and drink while exposing the audience to our new themed flavours Mixed Berry, Yaad Blend and Tropical Surprise.

Our subsequent 'Promotion on the Lawn' days demonstrated our range of products to new and existing clients as we focused on a holistic approach to small and medium enterprises (SME's). The attendance of certain collective groups such as the SBAJ and JMEA underpins our desire to not only assist with the manufacturing process, but also have assistance provided to them in their business development. By showing the range of applications of our flavours and fragrances, it allowed them to understand the opportunities they can tap into from these range of products.

Although the economy saw significant improvements and strides back to pre-COVID numbers, we remain cautiously optimistic and cognizant of the changes which can arise in the economic environment. Jamaica is seeing continued levels of investment with numerous businesses seeking to grow their export profile and benefit from improved capacity to deliver services. CFF will be working much closer with our parent company Derrimon Trading Company Limited in 2023 as we aim to benefit from its New York presence and export heavy focus. We are also looking forward to seeing the effort of our continued labour bear fruit in the form of increased earnings which will benefit our shareholders.

MACROECONOMIC ENVIRONMENT

Preliminary estimates by the Statistical Institute of Jamaica showed the country's Gross Domestic Product (GDP) increasing by 5.2% compared to the 4.6% in 2021. This continued economic recovery puts us on track to return to pre-COVID-19 GDP levels in 2023. The growth projections for the country were above the 3.5% prediction by the International Monetary Fund (IMF) and other projections set by other statutory bodies. While the IMF is projecting a 2.0% rise in GDP for 2023, any significant global macroeconomic event can disrupt those projections.

Mining and quarrying were the strongest performing sector of the goods producing services segment of the economy as it rose by 99.0% in the fourth quarter. Agriculture, forestry and fishing and manufacturing increased 5.9% and 5.4%, respectively, as output increased for both sectors during the fourth quarter. Construction declined 4.8% during the fourth quarter during a period where interest rates rose, and construction material prices spiked. All service industry sectors excluding producers of government services saw an improvement in performance with the hotels and restaurants segment recording a 21.6% rise in the fourth quarter.

The country recorded its lowest unemployment rate to date in April 2022 at 6.0% with July 2022's unemployment rate at 6.6%. The employed labour force was 1,268,000 in July 2022 which is still below the 1,269,100 persons in January 2020 when the unemployment rate was 7.3%. Point-to-point inflation peaked in April at 11.8% before ending 2022 at 9.4%. Calendar year inflation was 6.2% compared to the 9.1% in 2021. The Jamaican Dollar appreciate by 1.95% from $155.08 to $152.05 at the end of 2022.

The Bank of Jamaica (BOJ) continued hiking its policy rate in 2022 with the first meeting seeing a 150 basis point hike. These hikes continued until the policy rate was 7.0% with a pause coming at the December meeting. The BOJ's hikes were done in response to rising inflation and the need to also maintain stability in the economy. While these moves were not liked by various parties, it was done ahead of the USA's

Federal Reserve which had to execute much more aggressive hikes as it dealt with its own inflation situation. The country's net international reserves decreased from US$4.0 billion US $3.98 billion or 37 weeks of good imports. Remittances marginally declined from US$3.5 billion in 2021 to US$3.44 billion which remains well above pre-COVID levels. The diaspora has strong support for Jamaica even when there are increased expenses up north. The Sangster International Airport had a 69 per cent improvement in passenger traffic to 4,356,100 passengers which included several months surpassing 2019's historic figures. The Norman Manley International Airport saw air traffic surpassing 1,562,100 passengers for 2022. Fitch maintained a B+ rating for Jamaica with a stable outlook as Jamaica continued reducing its debt to GDP ratio.

FINANCIAL PERFORMANCE HIGHLIGHTS

Caribbean Flavours and Fragrances is a business which provides key components needed to produce goods for major manufacturing and service-based businesses. This is seen from the company's main clients who provide goods consumed daily across the country and provide the fragrances which are used in sanitary products as well. As a research-driven company led by the principles of science, CFF serves an approximate market share of more than 60% that continues to benefit from our expanded portfolio of products. Apart from bulk and small container products sold to small clients, CFF also produces 1000 litre drums and other specialized volumes for our largest clients. Our 2,500 square feet facility has the capacity to produce 1,600 gallons per day of emulsion flavour and 2,000 gallons per day of non-emulsions. Despite our business being smaller than your typical medium sized company from our staff compliment, we form a very critical part to the landscape of the local beverage market which can be seen from **our revenue base standing above the $772 million** mark which is a new record. CFF is the largest distributor in the region for our affiliate International Flavours and Fragrances which also sees us acting as the regional company in the global representative space. This has been supported by CFF's Safe Quality Foods Certification (SQF) which enables the company to export anywhere in the world. CFF is regulated and monitored by the Bureau of Standards Jamaica (BSJ) and Ministry of Health (MOH).

CFF's flavours range from those used in beverages, baking, dairy and confectionary products plus savoury ones for a unique meal. CFF also produces fragrance oils that are used in all purpose cleaners, liquid soap and detergent, bath, body and shampoo, fabric softeners, solvents and colours. Our cordials and encapsulated fragrances are some of the other products we produce in the flavours and fragrances line.

CFF had other victories in the year which included the renewal of our SQF certification. As a business focused on growing our external market space, this renewal proved that CFF is a competent firm in following globally recognized best practices. CFF will continue to be an outlier as we remain one of the few local food-based businesses which has taken the necessary steps to compete on a larger international stage. Despite the reduction in COVID-19 policies, many businesses are still enforcing certain sanitation procedures and the general public also has interests in reducing the risk of passing on viruses. This means that certain products which boomed in the last two years still had relevance in 2022. The company exported to Barbados, St. Kitts & Nevis, Trinidad and Tobago, Puerto Rico, Dominica, USA, the United Kingdom and Grenada in 2022. New market opportunities are being explored for the 2023 fiscal year.

We continue to take a disciplined approach to our operating model and the implementation of our strategic plan. Our internal controls continue to be our guide as we deliver quality products in improved response time to our customers. The Board and management remain focused on innovation and new product development, implementation of new strategies geared at customer satisfaction and retention, revenue enhancement, new market penetration and strategic alliances which have created synergies and value. The Company continues to experience stronger revenue growth in various segments of our business due to these drivers.

REVENUE

CFF's revenue for the 2022 Financial Year (FY) grew by 21.09% to $772.23 million. A large factor contributing to this improved growth is our exports which rose by 201.13% compared to the prior year as our newly built relationships become manifested in our sales. With new contracts and more business from new markets, the company can easily achieve its 30% export target in the medium term and 50% target in the long term. Our SME clients continue to play an important role for the company as we play our part in advancing Jamaica one business at a time. The company sold more volumes of flavours and fragrances which came as a result of our largest clients creating new products and seeing increased demand from their local and international markets. Our third and fourth quarter were phenomenal as both periods saw improvements of more than 20% each and revenue above $200 million. Q4 was very busy for CFF as demand grew heading into the Christmas period with sales coming in at $210.29 million.

GROSS PROFIT

While **gross profit grew by 16.90% to $229.01 million**, our gross margin decreased from 30.72% to 29.66% as the cost of raw materials significantly increased during the year along with the costs to deliver our products. Due to demand not matching the projections from our customers, there was an associated write-off of $5.70 million. CFF would have stocked up on additional inventory because of the supply chain disruptions and delays, but the company has no control over the associated demand that our customers have with their own clients. CFF also couldn't pass on all of the price increases that were experienced during the year to our customers which also had an impact on the gross margins for the business. We are re-evaluating our pricing in the current market and also managing inventory much more carefully as shipping and other logistics costs come down.

OPERATING EXPENSES

Total expenses for the 2021 FY grew by 24.83% to $162.78 million compared to the $130.39 million in the prior year. Depreciation charges on our assets increased from $6.13 million to $10.80 million while amortization on right of use assets remained unchanged at $6.52 million. As we continue to expand our exports, travelling expenses increased 139% to $7.45 million to reflect this ambition. Insurance costs and bad debt were the other notable big ticket increases for 2022 while other general expenses remained relatively unchanged on a comparative basis. Staff costs grew 23.78% from $45.53 million to $56.35 million as salaries and wages increased due to increased business activity, no lockdown days and salary adjustments to account for inflation. Selling and distribution expenses increased by 29.11% to $9.13 million as selling, advertising, promotion and distribution costs grew while motor vehicle expenses declined.

Since CFF's expenses went up at a rate faster than our gross profit growth, our operating profit declined 11.76% from $73.15 million to $64.55 million. While we aspire to grow our business even further, there can be a compression in earnings if there is volatility in prices experienced in 2023 as observed in 2022 along with mute demand.

FINANCE INCOME AND TAXES

Net finance income decreased by 59.70% to $6.19 million as foreign exchange gains only amounted to $9.29 million compared to the $18.76 million in FY 2021. CFF's income tax bill increased by 1.45% to $9.03 million as our Junior Market tax remission was lower this year for the reporting period. As of October 2, 2023, two days after the start of Q4 2023, we'll be paying the normal tax rate of 25% on profit before taxation.

NET PROFIT

Net profit declined by 23.67% to $61.70 million. While 2022 started off on a strong note in Q1, the price volatility of different raw materials and commodities impacted the earnings for the full year. Despite this decline in profitability in 2022, CFF is confident in the opportunities 2023 has ahead and sees the potential to achieve $100 million in normalized net profit as our export driven focus takes shape in the year to come. The company's earnings per share moved from $0.09 to $0.07.

BALANCE SHEET MANAGEMENT

CFF's asset base grew 4.43% to $757.45 million as our current asset base rose 2.26% to $596.78 million while non-current assets expanded to $160.67 million for the 2022 FY. We spent an additional $5.41 million on property, plant and equipment (PP&E) with the bulk of that going into the new development lab and additional tools for operational efficiency. Due to increased depreciation charges, the net book value of PPE&E declined 12.07% from $44.68 million to $39.29 million. The company disposed of two older motor vehicles and our leasehold property during the period. CFF spent $30 million on a newly listed bond which matures in 2025 and has a floor of 10.50% which means that even if interest rates sharply decline, the value earned would still be at least 10.50%.

While our inventory balance decreased 3.27% to $179.36 million, our raw material balance increased 40.97% to $110.89 million which took into account new business for the 2023 FY, but also having buffers for any possible delays in receiving key materials. Receivables moved up 24.21% to $129.9 million as we executed more business during the year and awaited collection under our normal cycles. Despite our related party balance with our parent decreasing 20.32% to $15.94 million, there was a new related party balance with our affiliate Marnock LLC to the tune of $38.60 million. Our cash and cash equivalents declined by 15.30% to $229.01 million as the company reduced its short-term investment balance to meet other needs of the business.

Total liabilities shrunk by 3.53% to $193.60 million due to our current liabilities rose marginally to $101.55 million and non-current liabilities decreased to $92.05 million. Although payables moved up 8.21% to $88 million, it was still under normal trade terms with the business having sufficient capital to meet overall working capital needs. Apart from taxation, other current items decreased during the period. Non-current liabilities declined by 9.37% to $92.05 million as our long-term loan continues to amortise under the normal schedule and our lease liability decreased during the year.

Shareholders' equity rose by 7.48% to $563.85 million as our retained earnings grew further to $507.65 million. Our dividend payment of $22.48 million meant that there was more capital kept in retained earnings. CFF's balance sheet of low debt, high current assets and strong equity retention reflects the simplicity but effectiveness of a well run business with larger global ambitions.

STOCK PRICE & DIVIDENDS

There were six new listings on the Junior Market with Dolla Financial Services Limited setting a record where it attracted $4.762 billion in capital relative to the offer size of $500 million. Three additional Junior Market listings saw more than $1 billion subscribing to the initial public offerings (IPO) which speaks to the confidence that investors have in budding Jamaican companies seeking to reach new heights. The Main Market saw the cross listing of Massy Holdings Limited and multibillion dollar preference share offer of Productive Business Solutions Limited albeit rising interest rates at the time.

The Junior Market Index hit a new record in early May with select Main Market securities exhibiting significant price increases which spoke to the renewed interest in the equity markets following the two prior years where trading was depressed. However, prices started to moderate and trend downwards across the spectrum after May following several new 52-week and all-time highs for various stocks. The decline in trading value became more pronounced following September with trading values at a third of their first quarter values. This decline can be attributed to rising interest rates and elevated inflation which saw different investors reduce their equity exposure and rebalance their portfolios. The top 10 shareholders increased their interest in CFF from 90.48% to 91.08% in 2022.

	DEC 2022	DEC 2021	% CHANGE
JSE Index	355,896.64	396,155.61	-10.16
Junior Market Index	3,986.44	3,428.30	16.28
JSE Combined Index	368,591.98	401,130.23	-8.11
M&D Index	97.42	100.38	-2.95
CFF Stock Price	1.82	1.91	-4.71

CFF's stock price experienced a decline in compared to the Junior Market Index which improved to new highs in 2022. However, it should be noted that most indices had a decline with the JSE Index trending further back and the Manufacturing and Distribution Index seeing a decline below its base mark. CFF's stock price peaked at $2.10 in the first quarter and had its trough at $1.60 in the fourth quarter. CFF had 15 days of no trading in 2022 compared to 9 days of no trading in 2021. Although this is a relative increase, CFF's stock had more volume traded in 2022 as investors had larger volumes to trade during the period.

	HIGH	LOW	CLOSE
Q1 (January - March)	2.10	1.72	2.01
Q2 (April - June)	2.08	1.79	2.00
Q3 (July - September)	2.03	1.69	1.75
Q4 (October - December)	1.83	1.60	1.82

Due to the events that occurred in the year, we found it prudent to reduce our dividend pay-out to $0.025 which totalled $22.48 million. Although this is 50% reduction from 2021, it is in line with prior payments and represents a 36% dividend pay-out ratio which is above the established 25% target in the dividend policy. This means that the company has paid out $0.195 ($1.95 pre-split) in dividends since listing on the JSE in December 2013. The share price has risen from $0.23 ($2.25 pre-split) to $1.82 which is a 708.89% return.

RISK MANAGEMENT

The risk management policy framework which has been established by the Board of Directors continues to be a critical part of the daily operations of Caribbean Flavours and Fragrances Limited. The management team are the key drivers in the management, operational and enterprise risks within

the framework of the policy and are reviewed by the Audit Committee of the Board of Directors. The implementation of various strategies of managing and controlling inventory and cash are reviewed and trends are analysed.

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

Some of the risks identified in 2022 included:

Operational Risks – This arises from the inability to execute business due to internal or external factors that inhibit activity. This risk can further be compounded by employee errors, natural disasters and damage to physical assets. Apart from our insurance policies which cover us for various events, the company built a new development lab while increasing capital expenditure to improve efficiencies and maintain stability in our operations.

Currency Risk – CFF is exposed to foreign exchange (FX) risk due to fluctuations in the exchange rate on transactions and balances that are denominated in curries other than the JMD. CFF benefits from increasing exports which introduce more FX to the business and gives the company cover from volatility in FX rates. This is also complimented by ensuring pricing is done according to projected future FX rates. The company doesn't use hedging instruments such as derivatives to manage FX risk but maintains enough foreign currency on hand to deal with foreign currency obligations as they arise. This does not preclude the company from using derivatives such as FX forwards offered locally to hedge for FX risk.

Commodity and Supply Chain Risk – The company imports key inputs used in its processes to create the flavours and fragrances sold to its array of customers. The sharp rise in freight costs in 2021 and delays in receiving goods creates risks for additional cost of input and inability to produce goods for our customers. This situation isn't unique to CFF nor any other manufacturer in Jamaica, but is a global issue promulgated by the events in 2020 which was compounded by the COVID-19 virus impacting various parts of the supply chain. CFF has bought additional inventory in sufficient volumes to adjust for the delays in receiving it from suppliers, plus reduce the cost of freight which increased by significant multiples over the year. The move was also done to account for the double and even triple digit increases in key inputs which we couldn't sufficiently predict where they would remain in a defined timeframe.

Credit Risk – CFF is exposed to credit risk where its customers, clients or counterparties fail to discharge their financial obligation to the company. This relates to the company's receivables balance extended to clients. During the year, CFF wrote off a small amount of bad debt with lifetime expected credit losses remaining very minimal. The company continues to manage credit prudently with all of its customers. There are no lifetime expected credit losses with CFF's 5 major customers that represent 69% of the trade receivables balance.

Interest Rate Risk – Interest rate risk relates to the value of a financial instrument's value or future payments changing due to market adjustments. CFF has invested into higher yielding instruments during the high interest rate environment and takes fixed rate liabilities where applicable. The company's debt to equity ratio decreased from 4% to 3% as the company only has one loan on its books while its equity continues to increase. The interest rate cover is sufficient to meet the monthly payments on the fixed rate loan.

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

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

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

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

Amidst the recent revelations of fraud in early 2023, CFF wants to assure investors and stakeholders that dishonesty and acts of deception **are not tolerated by any employee, director or third parties.** The company limits physical cash activity, has relevant stock taking exercises and has controls in place for disbursement of payments which is verified with the receiving party. The Jamaica Constabulary Force will be called in any scenario if employee fraud is detected.

We also take this time to remind shareholders that if they need to enquire on their dividend payments, they can contact the Jamaica Central Securities Depository which is our registrar and clarify any matters they may have. The company wants to encourage all shareholders to register for a dividend mandate so that payments can be remitted to your bank or brokerage account.

To ensure shareholder benefits and business continuity in the event of catastrophic occurrences, the implementation of robust internal measures to increase the security of our assets as well as the safeguarding of proprietary trade secrets, client's relationship and the data availability and assurance infrastructure have been undertaken. The Company will continue to manage its risks to protect its employees, assets and the interests of all its stakeholders.

OUTLOOK AND FUTURE

Commodity prices have been trending downwards along with the cost in the movement of goods which bodes well for the country. There has also been a significant reduction in point-to-point inflation up to March which was 6.2%, just 20 basis points above the BOJ's upper target range. However, it should be noted that the Organization of the Petroleum Exporting Countries (OPEC) cut oil production along with Russia by 3.66 million barrels per day or nearly 4% of global demand in April. The Russia-Ukraine war being at a virtual stalemate also doesn't bode well for global confidence as Europe remains on edge in the current period. One positive development during the period was China's decision to reopen and release the COVID-19 restrictions which limited economic activity.

The first quarter was also marked by significant fear in the financial system both locally and abroad. In Jamaica, Stocks and Securities Limited (SSL) was temporarily taken over by the Financial Services Commission (FSC) amid discoveries of potential deception in the business. Although SSL does not represent a systemic risk for Jamaica's securities dealer industry, the situation stoked strong reactions by members of the public and financial community. The Minister of Finance eventually revealed that the country would be switching to a twin peak regulatory system with the BOJ being responsible for prudential regulation and the FSC responsible for consumer production and market conduct. We welcome any developments that will continue to instil confidence in Jamaica and our financial sector.

Jamaica continues to see strong activity in its entertainment and tourism sectors which have seen record patrons and arrivals for business. There has also been continued investment in real estate and capital expenditure by various local companies who seek to meet the demand in Jamaica and abroad. Remittances also remain robust which speaks to the level of capital coming back to Jamaica. TransJamaican Highway Limited also noted in its reports that traffic in December 2022 to hit new levels with 2022's traffic on the thoroughfares exceeding 2019 levels. This spoke to not only the return to normalcy, but the desire for people to live life and enjoy this island we call Jamaica.

Finance Minister Dr Nigel Clarke also noted that the country's debt to GDP figures are expected to be 79.7% at the end of March 2023 which is a return to pre-Finsac levels. This is a critical milestone as this sets the path for the country towards a possible investment grade credit rating which would open up significant amounts of investment into the country. Fitch Ratings gave Jamaica a positive outlook in its most recent update. The BOJ has continued its pause on its policy rate and has moved to increase the cash reserves of deposit taking institutions (DTI's) to further reduce liquidity in the system. The USD-JMD weighted average FX selling rate also appreciated to the $150 range on March 31 which is a great sign of no more predictable signs of continued depreciation.

Despite these positive indicators, more DTI's are increasing the interest rates on existing variable rate debt and on the rates for new debt. This increased cost of financing means that growth can slow in 2023 especially if debt servicing costs continues to eat into the limited income available for persons and businesses.

All of these signs in the local market speaks well for CFF which will be formulating new products in

its lab and exporting more in 2023. We will be working more with Derrimon to export our cordials and other products to New York through Marnock LLC. Derrimon is planning to further build out its Delect brand and other associated brands which will be great for CFF which can supply our parent and fellow subsidiaries. Key management and board members travelled to Guyana and other Caribbean markets recently to initiate new talks in those markets and make CFF the preferred partner. We also plan to launch new baking products for our flavour customers.

We congratulate Seprod Limited Chief Executive Officer Richard Pandohie who was appointed to the BOJ's board on January 31.

2022 was not an easy year, but we triumphed and plan to prosper even more this year. We are working tirelessly to further diversify the range of products we offer and focus on our near term 30% export target. We're being deliberate with our growth and learning from the lessons in 2022. We thank Janice Lee, Christopher Carless, Rhonde McPherson, Rechal Turner and our entire staff base for their service in growing the company to new heights. We welcome shareholders to our annual general meeting later in 2023 and extend all the best to you going forward in your personal endeavours.

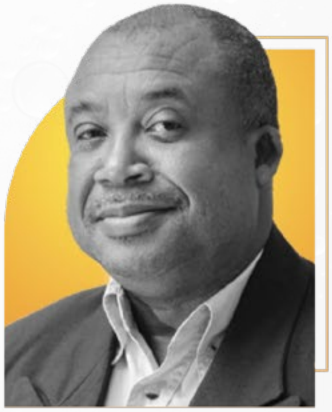
MANAGEMENT TEAM

Derrick Cotterell
Managing Director

Ian Kelly
Chief Financial Officer

Anand James
Consultant

Janice Lee
General Manager



Christopher Carless
Chief Accountant

Rechal Turner
Operations Manager

Rhonde-Gaye McPerhson
Quality Assurance Manager

OUR TEAM

Janice Lee
General Manager

Christopher Carless
Chief Accountant

Rechal Turner
Operations Manager

Sherene Ormsby
Administrative Assistant

Myoka Lynch
Cashier

Joddian Howard
Product Development Officer

Rhonde-Gaye McPherson
Quality Assurance Manager

Sheryl Palmer
Lab Technician

Janique McKenzie
Business Development Officer

Shelly-Ann Johnson
Customer Service / Sales

Joan Simmonds
Factory Supervisor

Kesha Reid
Factory Assistant

Richard Hamilton
Warehouse Assistant

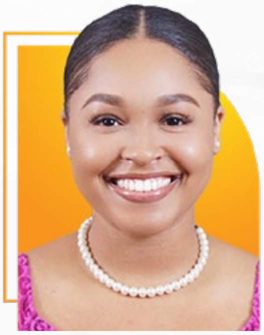
Gary Stewart
Warehouse Supervisor

Chester Touzalin
Warehouse Attendant

Romario Bhalai
Compounder

Alex Wynter
Maintenance

Andrew Ferguson
Driver



Allison Phipps
Business Development Officer

REPORT ON CORPORATE GOVERNANCE 2022

Caribbean Flavours and Fragrances Limited (CFF) is led by a board of experienced professionals who have worked in both the private and public sectors over the span of many years. The composition of the board of directors was not changed during the ensuing reporting period.

The board is tasked with ensuring that the company is guided by a set of rules and regulations as stated in The Jamaica's Companies Act and the approved Corporate Governance Policy which is reviewed on an annual basis. Each board members is selected based on the desired experience and knowledge not only of the industry but the laws of Jamaica and the industry standards. They conduct their duties in an independent and responsible manner whilst ensuring that strategic decisions are made after full analysis and due diligence is done, so that all stake holders of the company are satisfied . During the period under review, the board continued to hold its meeting in a hybrid mode whereby some Directors were present whilst others attended virtually. Our last Annual General Meeting held on September 28, 2022 utilized a similar approach in attendance.

The directors of Caribbean Flavours and Fragrances Limited maintain a very strong presence in guiding the management team, ensuring that company's policies are adhered to, fairness to all is practiced and that all business operations are done using best practice. Transactions are transparent and conducted with the highest level of integrity. This is done against the framework of regular monitoring of performance and evaluation. This has resulted in a financially secure company that continually adds to the enhancement of shareholders value. The board continues to provide guidance on policies whilst continuously reviewing and improving its policy and policy framework given the changing environment in which we operates.

Despite the many global challenges being faced by all, Caribbean Flavours and Fragrances Limited continues to grow and expands its horizon. This is achieved through a combination of strategies that is guided by continuous training, mentoring, and coaching of senior members of staff. The company, under the leadership of this board, is positioned to continue on its upward trajectory as we expand our offering of products and advance further into regional and international export markets.

Board Composition

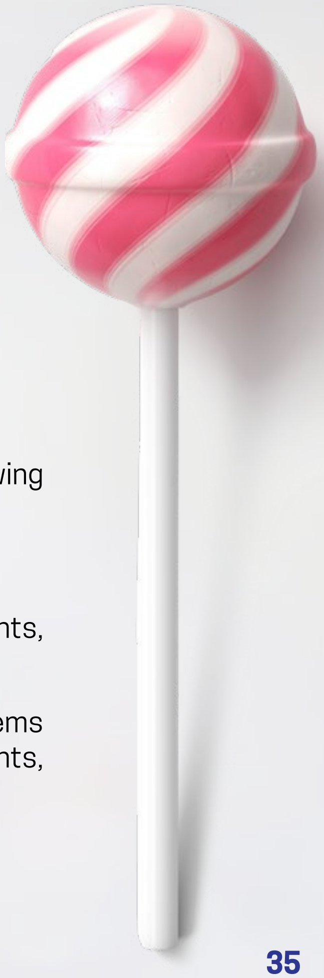
During the reporting period ended 31 December 2022 there are seven (7) board members, four (4) independent and three (3) are executive members.

Howard Mitchell	-	Independent *(Chairman)*
Wilford (Billy) Heaven	-	Independent
Clive Nicholas	-	Independent
Anand James	-	Executive Director
Derrick Cotterell	-	Executive Director
Ian Kelly	-	Executive Director

Mrs. Tania Waldon-Gooden continues to sit with the board as its external mentor in keeping with the Jamaica Stock Exchange Junior Market rules. Mrs. Waldon-Gooden continues to provide guidance and provide the required valuable contribution to ensure that the company continues to adheres to the Junior market rules.

The board held four (4) meetings during period January to December 2022

DIRECTOR	MEETINGS ATTENDED
Howard Mitchell - Chairman	4
Clive Nicholas	4
Wilford "Billy "Heaven	3
Carlton Samuels	4
Anand James	4
Derrick Cotterell	2
Ian Kelly	4



In executing its task, the following board committee met

Audit Committee

The committee met four (4) times during the last 12 months and the following deliberations were made.

- Review and recommended budget for approval by the Board of Directors.
- Review the validity of the monthly and quarterly unaudited financial statements, dividend recommendations and audited annual financial statements.
- Review the effectiveness of the internal controls and risk management systems and other relevant matters that fall within its obligation, as well as cycle counts, receivables aging management and their findings.

REPORT ON CORPORATE GOVERNANCE 2022 CONT'D

- Review the formal announcements relating to the Company's financial performance and ensure that the reports are delivered to the Jamaica Stock Exchange in a timely manner.
- Review and maintained the independence, objectivity, and effectiveness of the relationship with the external auditors.
- Recommendation to the full Board of Directors for the payment of a dividend to shareholders.
- Made recommendations to the Board of Directors in relation to the reappointment of the external auditor, as well as the remuneration and other terms of engagement.

The attendees of the Audit Committee meeting and their record of attendance below.

AUDIT COMMITTEE MEMBERS	MEETINGS ATTENDED
Clive Nicholas - Chairman	4
Wilford "Billy" Heaven	3
Ian Kelly	3
Janice Lee - Attendee	4

Compensation Committee

The responsibility of the Compensation Committee is to oversee the Company's executive and senior management compensation and performance based incentives. It also reviews market movements relating to benefits and programmes for Directors and Senior Executives and make recommendations to the Board concerning these matters. The committee met once in 2022 and the composition of members are outlined below.

Compensation Committee Members

Clive Nicholas	1
Wilford "Billy" Heaven	1
Anand James	1
Carlton Samuels	1

Strategic Development and Sciences Committee

SD&S COMMITTEE MEMBER	MEETINGS ATTENDED
Howard Mitchell	2
Carlton Samuels	3
Anand James	3
Derrick Cotterell	0

External Auditors

Baker and Tilly continues to performed the duties of the external auditors during the reporting period ended December 31, 2022. They have once again completed the annual Audit for this financial year and have submitted the required statements on time as required by the rules of the Jamaica Stock Exchange. There was no report of incidents of fraud or any irregularity identified during the financial year for the internal controls reviews or from the conduct of the External Audits.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Caribbean Flavours and Fragrances Limited has experienced robust customer and revenue growth during the 2022 financial year. This growth was achieved through the implementation of various strategies on all areas of the business and as executed by the hard working and dedicated staff, guided and directed by the executives and board of directors.

The management of CFF is mindful that to be a successful company, we must be directly involved in our community in order to grow and make profits . While we are proud of our economic achievements, we are equally more proud that we are a company that embraces, equality and diversity. As stated in our mission and value statements we ensure that all our stakeholders are confident that our business decisions are ethical.

We remain committed to the improvement of staff welfare, the communities that we operates in and the society at large. Our Company continued its altruistic endeavours, assistance to the members of staff requiring education assistance, supporting the various surrounding communities and the general Water House environs through its summer camps, Christmas treats, book drives and other educational activities. Our focus on education and the commitment to support activities relating to early childhood education continued. We continued to work with the leadership of the End Time Basic School and to provide support in the form of supplies and the hosting of its parent's day. This was very successful and we were proud to be a part of this activity and to provide our experiences on how to improve parenting skills as well as provide on the spot solutions to questions asked. As we continue to provide joy to the school community we were involved in the annual Christmas treats, providing gifts and refreshments for over fifty (50) children and their teachers.

The Management of Caribbean flavours and Fragrances guided by the board of directors continue to self-monitor its role and relevance to all stake holder within the Jamaican society. We recognized that in every economy, small and medium sized businesses are vital for employment opportunities and contribution to the country's economic growth. A strategic decision was made last year to be deliberate in providing needed assistance to the many small manufacturers the company serves. These assistances were done in providing relevant information on how to structure and set up their small businesses to gain access to benefits enjoyed by small businesses within the formal system. To this end CFF hosted several open days and lawn promotions to encourage these business owners to get organized.

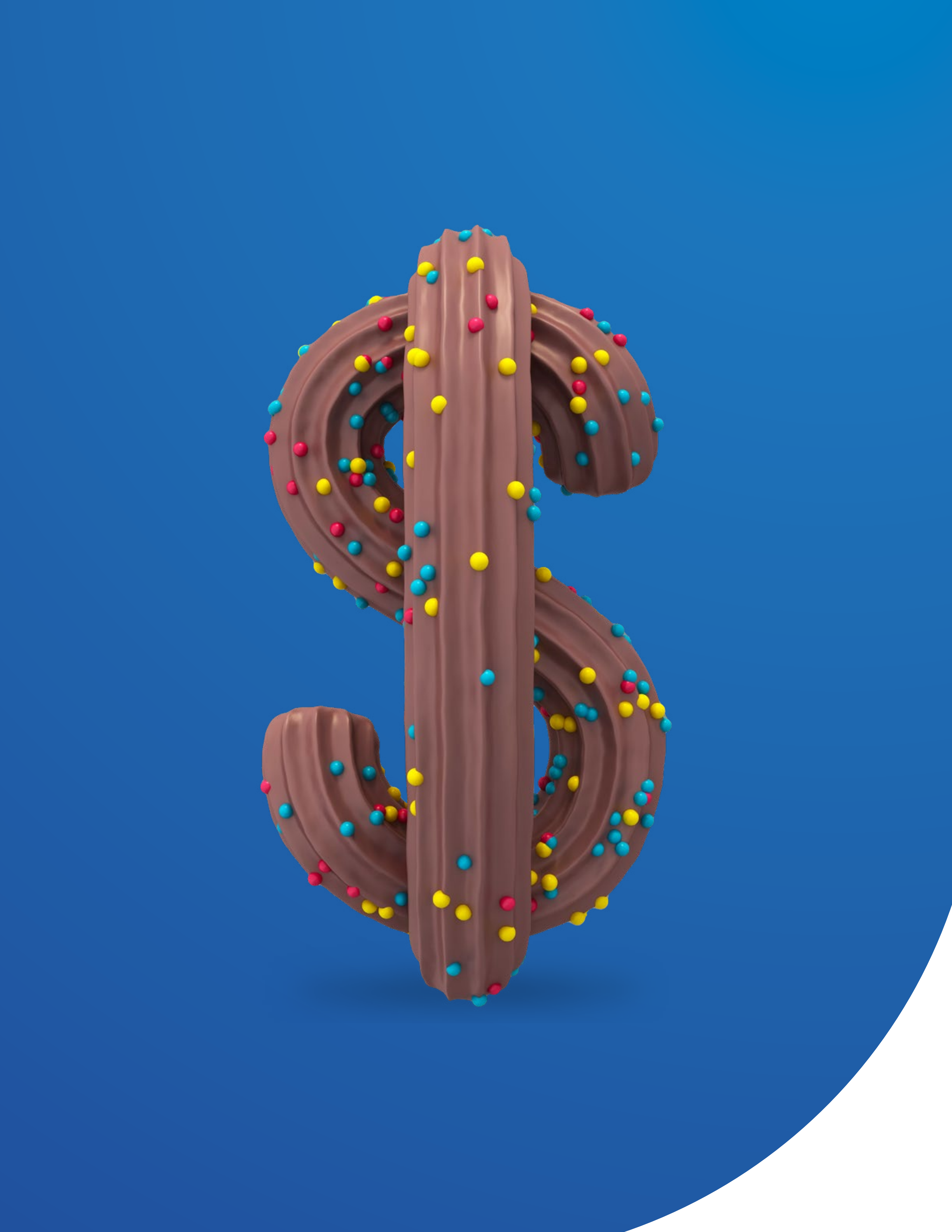
Presentations were made by the Jamaica Manufacturer and Exporters Association , the Development Bank of Jamaica and the Small Business Association. These presentations were well received and many customers were happy for the information. In addition to these presentations, CFF continue to provide technical assistance to these clients on how to make different products and the use of new trends and raw materials The company along with its supplier partners also hosted a workshop which were geared at providing our small customers with new approaches and exposing them to new international trends within the industry. These workshop offered customers and potential customers technical support in fragrance applications in addition to the introduction of new and exciting fragrances.

The board of directors, management and staff of Caribbean Flavour and Fragrances takes our responsibilities seriously and remain cognizant that we have a responsibility to be a part of nation development and the upliftment of all stakeholders. We remain steadfast in doing all that we can do to ensure that Jamaica continues to be that preferred place to work, live and enjoy.

CARIBBEAN FLAVOURS & FRAGRANCES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



CARIBBEAN FLAVOURS AND FRAGRANCES LTD.
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Email: ajames@cffjamaica.com , Website: www.caribbeanflavoursjm.com

"Tease the Senses"

REPORT ON THE 31 DECEMBER 2022 AUDITED FINANCIAL STATEMENTS TO OUR SHAREHOLDERS

The Board of Directors is pleased to report on the performance of Caribbean Flavours and Fragrances Limited for the year ending December 31, 2022.

We continue to operate in a post global pandemic environment whereby many business operations are still negatively impacted in some way from many global logistics and price taking strategies. The financial results indicate that the company continues to remain resilient to global market forces and that decisions taken are geared towards enhancing shareholders value and long-term growth. The Board of Directors and its Management continue to make and implement strategic decisions geared towards the best interest of all the Company's stakeholders. The Company's approach to the shortages experienced in its global supply chain and logistic challenges, was to become more aggressive in the way orders were placed with suppliers as well as giving enough lead time to ensure that adequate stock of raw materials was always available. This strategy in some instances negatively impacted the company financially as the diversification of suppliers and high carrying amounts of inventory resulted in some levels of stock losses due to expirations and reduction in demands from our customers. These inventories were written off against profit during the reporting period.

Sales reported for the year was $772.229 million, representing an increase of $134.515 million or 21.09% from the $637.714 million recorded for 2021. The improvement was driven by the continuous refinement of our sales approach strategies with a direct focus on closing new business deals, availing new products to our various partners and deepening of our sales strategies in the various markets that we serve.

Gross profit reported for this year was $ 229.012 million representing a 16.90% increase over the $195.901 million reported for 2021. The gross profit margin reported was 29.66% as compared to the 30.72% of 2021. This marginal slippage was due to increased logistics costs and the many price increases experienced during the year that could not be passed on to our customers as well the cost associated with the onboarding of large new export customers.

The Company's operating and administrative cost increased by $30.324 million or 24.59% during this reporting period from $123.320 million to $153.644 million and was mainly influenced by the cost of attracting new talent, increased utility costs, travelling and office expenses. These costs were necessary to support the Company's strategy of providing a focused, customer-centric and personal approach to serving our customers.

For the year December 31, 2022, net profit before tax was $ 70.730 million and represents a $17.768 million or 20.08% decrease when compared to the $88.498 million recorded in 2021. This follows on from the increase in administrative costs aforementioned. We continue to offer new solutions to the market as well as refining our product offerings and solutions through our research and development capabilities and expect that in the near future, we will gain more acceptance in local and overseas markets from these initiatives. The improvement in global logistics, supply chain and reopening of many aspects of the economies both locally and in other markets will ensure that many of our initiatives are accepted.

We thank our employees for their commitment and dedication during this year and our shareholders, customers and other stakeholders for their support as we continue to expand our business to bring greater value to all parties.

Howard Mitchell
Chairman

bakertilly

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Kingston 10
Jamaica

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INDEPENDENT AUDITORS' REPORT

To the Members of
Caribbean Flavours and Fragrances Limited

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Flavours and Fragrances Limited ("the company") set out on pages 1 to 37, which comprise the statement of financial position at 31 December 2022, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply the Jamaican Companies Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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INDEPENDENT AUDITORS' REPORT (Continued)

To the Members of
Caribbean Flavours and Fragrances Limited
Page 2

Report on the audit of the Financial Statements (continued)

Our Audit Approach

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Audit Committee members (those charged with Governance) but are not intended to represent all matters that were discussed with them. These matters are addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matters
The company recognises expected credit losses (ECL) on financial assets measured at amortised cost. The determination of ECL is highly subjective and requires management to make significant judgement and estimates and the application of forward-looking information.	Our audit procedures in response to this matter included: ❖ Involving our financial risk modelling specialist, to review the ECL model, assess the appropriateness of the company's impairment methodology, management's assumptions and compliance with the new requirements of IFRS 9, Financial Instruments. ❖ Assessing the appropriateness of the company's impairment methodology, management assumptions and compliance with the requirement of IFRS 9, Financial Instruments. ❖ Assessing the adequacy of the disclosures of the key assumptions and judgements as well as the details of the transition adjustment for compliance with IFRS 9. ❖ Testing the accuracy of the company's ageing of accounts receivables. ❖ Testing the accuracy of the ECL calculation.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Caribbean Flavours and Fragrances Limited
Page 3

Report on the audit of the Financial Statements (continued)

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Caribbean Flavours and Fragrances Limited
Page 4

Report on the audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Caribbean Flavours and Fragrances Limited
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Report on the audit of the Financial Statements (continued)

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

- 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.

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

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

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

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INDEPENDENT AUDITORS' REPORT (continued)

To the Members of
Caribbean Flavours and Fragrances Limited
Page 6

Report on the audit of the Financial Statements (continued)

Report on other legal and regulatory requirements

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

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

The engagement partner on the audit resulting in this independent auditors' opinion is Roxiana Malcolm-Tyrell.

Baker Tilly
Chartered Accountants
Kingston, Jamaica
27 February 2023

STATEMENT OF FINANCIAL POSITION

as at 31 December, 2022

	Note	2022 $'000	2021 $'000
ASSETS			
Non-Current Assets			
Property, plant, and equipment	5	39,289	44,682
Right-of-use assets	6	74,638	81,156
Investment securities	7	45,000	15,000
Deferred tax assets	8	1,740	881
		160,667	141,719
Current Assets			
Inventories	9	179,360	185,432
Receivables	10	129,385	104,163
Taxation recoverable		4,486	3,614
Due from related parties	11	54,537	20,000
Cash and cash equivalents	12	229,014	270,380
		596,782	583,589
TOTAL ASSETS		757,449	725,308
EQUITY AND LIABILITIES			
Stockholders' Equity			
Share capital	13	56,200	56,200
Retained earnings		507,650	468,432
		563,850	524,632
Non-Current Liabilities			
Long term loan	14	13,360	17,898
Lease liability	6	78,690	83,664
		92,050	101,562
Current Liabilities			
Payables	15	87,995	81,320
Taxation		4,330	9,216
Current portion of long term loan	14	4,250	3,940
Current portion of lease liability	7	4,974	4,638
		101,549	99,114
TOTAL EQUITY AND LIABILITIES		757,449	725,308

Approved for issue by the Board of Directors on 27 February 2023 and signed on its behalf by:

Director
Clive Nicholas

Director
Carlton Samuels

STATEMENT OF COMPREHENSIVE INCOME

as at 31 December, 2022

	Note	2022	2021
		$'000	$'000
Revenue	16	772,229	637,714
Cost of sales		(543,217)	(441,813)
Gross profit		229,012	195,901
Unrealised (losses)/gains on investments valued at fair value through profit and loss		(1,690)	7,642
Selling and distribution expenses	17	(9,133)	(7,074)
Administrative expenses	17	(153,644)	(123,320)
Operating profit	18	64,545	73,149
Finance income, net	20	6,185	15,349
Profit before taxation		70,730	88,498
Taxation	21	(9,032)	(8,903)
Net profit for the year, being total comprehensive income		61,698	79,595
Earnings per ordinary stock unit attributable to shareholders of the company	22	$0.07	$0.09

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December, 2022

	Share capital	Retained earnings	Total
	$'000	$'000	$'000
Balance at 1 January 2021	56,200	433,797	489,997
Total comprehensive income	-	79,595	79,595
Dividends (Note 23)	-	(44,960)	(44,960)
Balance at 31 December 2021	56,200	468,432	524,632
Total comprehensive income	-	61,698	61,698
Dividends (Note 23)	-	(22,480)	(22,480)
Balance at 31 December 2022	56,200	507,650	563,850

STATEMENT OF CASH FLOWS

Year ended 31 December, 2022

	2022	2021
CASH RESOURCES WERE PROVIDED BY/(USED IN):	**$'000**	**$'000**
Cash Flows from Operating Activities		
Profit before taxation	70,730	88,498
Items not affecting cash:		
Depreciation	10,804	6,127
Amortization of right-of-use assets	6,518	6,518
Expected credit losses	3,651	541
Interest income	(4,471)	(3,660)
Interest expense	1,445	622
Lease interest expense	6,133	6,447
Foreign exchange gains	(9,292)	(18,758)
	85,518	86,335
Changes in operating assets and liabilities:		
Decrease/(increase) in inventories	6,072	(34,711)
Increase in receivables	(26,059)	(24,744)
Increase in due from related parties	(34,537)	(20,000)
Increase in payables	4,103	40,848
Cash provided by operating activities	35,097	47,728
Taxation paid	(15,649)	(13,612)
Interest paid	(7,578)	(7,069)
Interest received	2,625	3,660
Net cash provided by operating activities	14,495	30,707
Cash Flows from Investing Activities		
Purchase of plant and equipment	(5,411)	(28,081)
Investment securities, net	(30,000)	(15,000)
Net cash used in investing activities	(35,411)	(43,081)
Cash flows from Financing Activities		
Long term loans, net	(4,228)	19,761
Lease liability principal repayments	(4,638)	(4,324)
Dividends paid	(22,480)	(44,960)
Net cash used in investing activities	(31,346)	(29,523)
Decrease in cash and cash equivalents	(52,262)	(41,897)
Net effect of foreign currency translation cash and cash equivalents	10,896	16,851
Cash and cash equivalents at the beginning of the year	270,380	295,426
CASH AND CASH EQUIVALENTS AT END OF YEAR	229,014	270,380
Represented by:		
Cash at bank and in hand	76,184	8,587
Short term deposits	152,830	261,793
	229,014	270,380

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

1. Identification and Principal Activities

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

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

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

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

2. Summary of significant accounting policies

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

(a) Basis of preparation

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

The financial statements comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

Annual Improvements to IFRS Standards 2018–2020 are effective for annual reporting periods beginning on or after 1 January 2022. These amendments include minor changes to the following applicable standards:

- IFRS 9 'Financial Instruments' - Fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 'Leases' - Lease incentives. The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

The amendments in Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2024) affect only the presentation of liabilities in the Statement of Financial Position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They:

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

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The adoption of this amendment is not expected to have a significant impact on the company.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(b) Property, plant and equipment

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

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

Leasehold improvements are classified as property, plant and equipment.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the Statement of Comprehensive Income.

Repairs and maintenances are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

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

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:
(i) Leases of low value assets; and
(ii) Leases with a duration of 12 months or less.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(d) Inventories

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

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

(e) Financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(f) Share capital

Ordinary shares are classified as equity.

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

(g) Dividends

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

(h) Borrowings

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

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

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

Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(i) Payables

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

(j) Provisions

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

(k) Income taxes

Where applicable, taxation expense in the Statement of Comprehensive Income comprises current and deferred tax charges.

<u>Current tax</u> is the expected tax payable on the income for the year, using tax rates enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

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

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

(l) Financial instruments

Financial instruments carried on the Statement of Financial Position include investments, cash and bank balances, receivables, balances with related parties, payables, balances with directors, lease liabilities and borrowings.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(m) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are transalated into Jamaican dollars at the exchange rate prevailing at the date of the Statement of Financial Position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the Statement of Comprehensive Income.

(n) Revenue recognition

Sale of goods

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

Interest income

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

Other operating income

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

(o) Comparative information

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

2. Summary of significant accounting policies (continued)

(p) Related party transactions

A party is related to the company, if:

(i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;

(ii) the party is an associate of the company;

(iii) the party is a joint venture in which the company is a venturer;

(iv) the party is a member of the key management personnel of the company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management

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

a) Fair value

Fair value is the price that would be achieved from the sale of an asset. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value, also where fair value of financial instruments approximates carrying value, no fair value computation is done.

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management (continued)

b) Credit risk:

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

Credit review process

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

Impairment of financial assets

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

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

Trade receivables

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

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 December 2022, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management (continued)

b) Credit risk (continued)

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	18%	3%
Gross carrying amount – trade receivables	70,908	36,611	2,668	20,118	130,305
Impairment losses	-	-	-	(3,651)	(3,651)
	70,908	36,611	2,668	16,467	126,654

31 December 2021	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	12%	0.1%
Gross carrying amount – trade receivables	52,678	18,622	14,435	4,449	90,184
Impairment losses	-	-	-	(541)	(541)
	52,678	18,622	14,435	3,908	89,643

The closing loss allowances for trade receivables as at 31 December 2022 and 31 December 2021 reconcile to the opening loss allowances as follows:

	Trade receivables 2022 $'000	Trade receivables 2021 $'000
Opening loss allowance	541	432
Increase in loss allowance recognised in profit or loss during the year	3,110	109
Closing loss allowance	3,651	541

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management (continued)

b) Credit risk (continued)

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

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

As at 31 December 2022, there were no lifetime expected credit losses in respect of the five (5) major customers that comprise 69% (2021 – 59%) of the trade receivables balance.

As at 31 December 2022, there were $2,128,000 (2021 -$nil) lifetime expected credit losses in respect of the remaining customers.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management (continued)

c) Liquidity risk:

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

Liquidity risk management process

The company's liquidity management process includes:

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

Undiscounted cash flows of financial liabilities

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

	1 to 3 months $'000	4 to 12 months $'000	1 to 5 years $'000	Total $'000	Carrying amount $'000
			31 December 2022		
Payables	87,995	-	-	87,995	87,995
Long-term loans	1,337	4,009	14,702	20,048	17,610
Lease liability	2,693	8,078	113,095	123,866	83,664
Total financial liabilities	92,025	12,087	127,797	231,909	189,269
			31 December 2021		
Payables	81,320	-	-	81,320	81,320
Long-term loans	1,337	4,009	21,385	26,731	21,838
Lease liability	2,693	8,078	123,866	134,637	88,302
Total financial liabilities	85,350	12,087	145,251	242,688	191,460

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management (continued)

d) Market risk

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

(i) Currency risk

The company is exposed to foreign exchange risk arising from exposure primarily to the US dollar and Euro. Foreign exchange risk arises primarily from transactions for purchases, sales and investments. The Statement of Financial Position for the company as at 31 December 2022 includes net foreign assets of US$949,803 and €3,179 (2021: US$791,673 and €17,901) in respect of such transactions.

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

	Change in exchange rate	2022	2021
		$'000	**$'000**
Revaluation	4% (2021 – 8%)	5,717	9,928
Devaluation	1% (2021 - 2%)	(1,429)	(2,482)

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management (continued)

d) Market risk (continued)

(ii) Interest rate risk

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

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

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

	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Non-Interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2022			
Investment securities	-	-	45,000	-	-	45,000
Trade and other receivables	-	-	-	-	129,385	129,385
Due from related parties	54,537	-	-	-	-	54,537
Cash and cash equivalents	229,014	-	-	-	-	229,014
Total financial assets	283,551	-	45,000	-	129,385	457,936
Long-term loans	1,035	3,215	13,360	-	-	17,610
Lease liability	1,211	3,763	23,773	54,917	-	83,664
Payables	-	-	-	-	87,995	87,995
Total financial liabilities	2,246	6,978	37,133	54,917	87,995	189,269
Total interest repricing gap	281,305	(6,978)	7,867	(54,917)	41,390	268,667

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. **Financial risk management (continued)**

   d) **Market risk (continued)**

      (ii) Interest rate risk (continued)

	1 to 3 months	4 to 12 months	1 to 5 years	Over 5 years	Non-Interest bearing	Total
	$'000	$'000	$'000	$'000	$'000	$'000
			2021			
Investment securities	-	-	15,000	-	-	15,000
Trade and other receivables	-	-	-	-	104,163	104,163
Due from related parties	20,000	-	-	-	-	20,000
Cash and cash equivalents	270,380	-	-	-	-	270,380
Total financial assets	290,380	-	15,000	-	104,163	409,543
Long-term loans	959	2,981	17,898	-	-	21,838
Lease liability	1,129	3,508	22,166	61,499	-	88,302
Payables	-	-	-	-	81,320	81,320
Total financial liabilities	2,088	6,489	40,064	61,499	81,320	191,460
Total interest repricing gap	288,292	(6,489)	(25,064)	(61,499)	22,843	218,083

Cash flow sensitivity analysis for financial instruments:

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

Change in basis points	Effect on profit before taxation 2022	Effect on Other Components of Equity 2022	Effect on profit before taxation 2021	Effect on Other Components of Equity 2021
JMD/USD	$'000	$'000	$'000	$'000
+100/+100	705	-	885	-
-100/-100	(705)	-	(885)	-

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

3. Financial risk management (continued)

e) Capital management:

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

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

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

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

	2022	2021
	$'000	$'000
Debt: long-term loan	17,610	21,838
Equity	563,247	524,632
Total Capital	580,857	546,470
Gearing ratio	3%	4%

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

4. Critical accounting estimates and judgements in applying accounting policies

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

(i) Impairment of financial assets

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

(ii) Income taxes

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

(iii) Depreciable assets

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

(iv) Fair value of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

5. Property, plant and equipment

	Leasehold property	Leasehold Improvements	Plant, Machinery, Furniture & Fixtures	Office Computer & Equipment	Motor Vehicles	Total
		$'000	$'000	$,000	$'000	$'000
Cost -						
1 January 2020	3,413	6,452	27,458	1,591	16,281	55,195
Additions	-	387	4,971	123	22,600	28,081
31 December 2021	3,413	6,839	32,429	1,714	38,881	83,276
Additions	-	652	4,037	722	-	5,411
Disposals	(3,413)	-	-	-	(10,977)	(14,390)
31 December 2022	-	7,491	36,466	2,436	27,904	74,297
Depreciation -						
1 January 2020	3,413	1,600	11,296	1,358	14,800	32,467
Charge for year	-	779	3,257	169	1,922	6,127
31 December 2021	3,413	2,379	14,553	1,527	16,722	38,594
Charge for year	-	738	3,506	247	6,313	10,804
Relieved on disposals	(3,413)	-	-	-	(10,977)	(14,390)
31 December 2022	-	3,117	18,059	1,774	12,058	35,008
Net book value -						
31 December 2022	-	4,374	18,407	662	15,846	39,289
31 December 2021	-	4,460	17,876	187	22,159	44,682

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

6. Right-of-use assets and related lease obligations

(i) Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases: -

Right-of-use assets

	2022	2021
	$'000	$'000
Balance as at beginning of the year	81,156	83,208
Re-measurement based on variable lease payment	-	4,466
Amortization	(6,518)	(6,518)
Balance as at end of year	74,638	81,156

Lease liability

	2022	2021
	$'000	$'000
Balance as at beginning of the year	88,302	88,160
Re-measurement based on variable lease payment	-	4,466
Lease payments	(10,771)	(10,771)
Interest expense	6,133	6,447
Balance as at end of the year	83,664	88,302

	2022	2021
	$'000	$'000
Current	4,974	4,638
Non-current	78,690	83,664
Balance as at end of year	83,664	88,302

(ii) Amounts recognised in the Statement of Comprehensive Income

The Statement of Profit or Loss shows the following amounts relating to leases:

	2022	2021
	$'000	$'000
Amortization charge of right-of-use assets (included in administrative expenses)	6,518	6,518
Interest expense (included in finance costs)	6,133	6,447

	2022	2021
	$'000	$'000
Total cash outflows for leases	10,771	10,771

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

7. Investment Securities

This represents Corporate Bonds which are fair valued through profit and loss.

	2022 $'000	2021 $'000
Dolla Financial Services Limited - 2025	30,000	-
National Commercial Bank Jamaica Limited – 2024	15,000	15,000
	45,000	15,000

8. Deferred income taxes

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

	2022 $'000	2021 $'000
Deferred income tax assets	1,740	881

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

	2022 $'000	2021 $'000
Net assets/(liabilities) at beginning of year	881	(3,550)
Deferred tax credited to the Statement of Comprehensive Income (Note 21)	859	4,431
Net assets at end of year	1,740	881

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

	2022 $'000	2021 $'000
Deferred income tax assets/(liabilities):		
Property, plant and equipment	(770)	(906)
Lease liability, net of right-of-use assets	2,257	1,787
Interest receivable	253	-
Net assets at end of year	1,740	881

The amounts shown in the Statement of Financial Position include the following:

	2022 $'000	2021 $'000
Deferred tax assets to be recovered:		
- after more than 12 months	1,740	881

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

9. Inventories

	2022	2021
	$'000	$'000
Raw materials	110,890	78,664
Manufactured finished goods	12,916	19,173
Imported goods for resale	32,688	54,450
Goods-in-transit	22,866	33,145
	179,360	185,432

For the year ended 31 December 2022, inventories valuing $5,703,431 (2021: $2,112,757) were written off during the year.

10. Receivables

	2022	2021
	$'000	$'000
Trade receivables	130,305	90,184
Less: Expected credit loss provision	(3,651)	(541)
	126,654	89,643
Advance payments	-	11,167
Other	2,731	3,353
	129,385	104,163

Movement of the expected credit loss provision is as follows:

	2022	2021
	$'000	$'000
Balance at beginning of year	541	432
Increase in expected credit loss provision	3,110	109
Balance at end of year	3,651	541

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

11. Due from related parties

	2022	2021
	$'000	$'000
Derrimon Trading Company Limited	15,937	20,000
Marnock LLC	38,600	-
	54,537	20,000

12. Cash and cash equivalents

		2022	2021
Cash at bank and on hand		$'000	$'000
Cash at bank		73,315	8,329
Cash on hand		2,869	258
		76,184	8,587
Short term investments			
JMMB Bank Jamaica Limited	(a)	69,334	28,451
Scotia Investments Jamaica Limited	(b)	25,109	174,545
NCB Capital Markets Limited	(c)	58,387	58,797
		152,830	261,793
		229,014	270,380

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

(a) This represents investments in repurchase agreement denominated in United States dollars and Jamaican dollars, with a maturity dates of January 3, 2023 and March 6, 2023, and with an interest rate of 4.85% and 8.15% respectively.

(b) This represents United States and Jamaican dollar investments in money market funds.

(c) This represents investment in repurchase agreements denominated in United States dollars with interest rates ranging from 1.05% and 3%.

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

13. Share capital

	2022 No. of shares	2021 No. of shares
Authorised		
Ordinary shares of no par value	2,600,000,000	2,600,000,000
Issued and fully paid		
Issued and fully paid ordinary shares	899,200,330	899,200,330

	2022 $'000	2021 $'000
Ordinary shares of no par value	56,200	56,200

14. Long term loan

	2022 $'000	2021 $'000
First Global Bank Limited	17,610	21,838
Less: Current portion	(4,250)	(3,940)
	13,360	17,898

This loan, which was received in September 2021 attracts interest of 7% per annum and is repayable over 60 months in equal monthly instalments of $445,527. This loan is secured by a lien on a motor vehicle.

15. Payables

	2022 $'000	2021 $'000
Trade payables	68,223	61,794
Accrued charges	2,830	3,425
Other	16,942	16,101
	87,995	81,320

16. Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

17. Expenses by nature

	2022	2021
	$'000	$'000
Administrative expenses		
Amortization of right-of-use asset	6,518	6,518
Audit fees	2,718	2,494
Bad debts	3,219	316
Bank charges	1,660	1,805
Depreciation	10,804	6,127
Directors' emoluments	24,056	22,315
Directors' fees	770	790
Donations and subscriptions	1,013	901
Entertainment	877	1,082
Equipment rental	1,320	1,140
Insurance	6,177	3,830
Legal and professional fees	6,965	5,697
Motor vehicles	2,268	1,639
Office and general	7,703	7,180
Printing and stationery	1,166	921
Repairs and maintenance	1,493	3,466
Staff costs (Note 19)	56,351	45,525
Security	1,847	1,459
Telephone and postage	3,337	2,739
Travelling	7,448	3,112
Utilities	5,934	4,264
	153,644	123,320
Selling and distribution		
Selling, advertising, promotion and distribution	8,095	5,639
Motor vehicle expenses	1,038	1,435
	9,133	7,074
Finance income, net (Note 20)	(6,185)	(15,349)
Cost of sales	543,217	441,813
	699,809	556,858

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

18. Operating profit

The following have been charged in arriving at operating profit:

	2022	2021
	$'000	$'000
Auditors' remuneration	2,718	2,494
Amortization of right-of-use assets	6,518	6,518
Depreciation	10,804	6,127
Director's emoluments: -		
- Managements' remuneration (included in staff costs)	24,056	22,315
- Directors' fees	770	790
Staff costs (Note 19)	56,351	45,525

19. Staff costs

	2022	2021
	$'000	$'000
Salaries and wages	34,162	26,673
Statutory contributions	4,775	3,564
Casual labour	4,050	2,906
Travelling allowance	4,619	4,400
Staff welfare and training	6,995	6,486
Health and group life insurance	1,750	1,496
	56,351	45,525
Number of employees at the end of the year:		
Full-time	20	20

20. Finance income, net

	2022	2021
	$'000	$'000
Interest income	(4,471)	(3,660)
Foreign exchange gains	(9,292)	(18,758)
	(13,763)	(22,418)
Loan interest expense	1,445	622
Lease interest expense	6,133	6,447
	(6,185)	(15,349)

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

21. Taxation

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

	2022	2021
	$'000	$'000
Current taxation at 25%	19,782	26,668
Remission of income tax at 50%	(9,891)	(13,334)
	9,891	13,334
Deferred income taxes (Note 8)	(859)	(4,431)
	9,032	8,903

The taxation charged in the Statement of Comprehensive Income differs from the theoretical amount that would arise using the applicable tax rate, as follows:

	2022	2021
	$'000	$'000
Profit before taxation	70,730	88,498
Tax calculated at a tax rate of 25%	17,683	22,125
Effect of permanent difference for private motor vehicle	1,244	112
Adjusted for the effects of:-		
Other charges and allowances	(4)	-
Adjustment for the effect of remission of tax	(9,891)	(13,334)
	9,032	8,903

Remission of income tax

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

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

Years 2014 - 2018 – 100% of standard rate

Years 2019 - 2023 – 50% of standard rate

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

21. Taxation (continued)

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

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

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

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

22. Earnings per stock unit

Profit per stock unit ("EPS") is computed by dividing the net profit attributable to stockholders of the company of $61,698,000 (2021: $79,595,000) by the weighted average number of ordinary stock units in issue during the year, numbering 899,200,330 (2021: 899,200,330).

23. Dividends

	2022 $'000	2021 $'000
Declared and paid at 0.025 (2021: 0.05) cents per share	22,480	44,960
Total dividends to shareholders	22,480	44,960

NOTES TO THE FINANCIAL STATEMENTS

31 December, 2022

24. Related party transactions

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

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

(a) Enterprises over which a substantial interest in the voting power is owned by key management personnel, including directors and officers and close members of families; or

(b) Enterprises over which such a person, in (a) above, is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the company.

Amounts credited/(charged) to the Statement of Comprehensive Income: -

	2022	2021
	$'000	**$'000**
Revenue		
Sales to Derrimon Trading Company Limited	6,141	2,191
Key management compensation:		
Directors' emoluments	(24,056)	(22,315)
Directors' fees	(770)	(790)
Expenses:		
Rent paid to a company connected to a director	(10,771)	(10,771)
Consultancy and salary payments to a related party	(5,173)	(4,817)
Dividends:		
Dividend payment to the parent company	(14,616)	(29,233)

Amounts reflected in the Statement of Financial Position

	2022	2021
	$'000	**$'000**
Derrimon Trading Company Limited	15,937	20,000
Marnock LLC	38,600	-
	54,537	20,000

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS, SENIOR OFFICERS AS AT DECEMBER 31, 2022

#	Name of Shareholder	Volume	Percentage Ownership
1	DERRIMON TRADING COMPANY LIMITED	584,653,270	65.019%
2	DIGIPOINT LIMITED	69,220,000	7.698%
3	JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	48,995,073	5.449%
4	IDEAL GLOBAL INVESTMENTS LIMITED	30,968,610	3.444%
5	IAN C. KELLY	23,228,140	2.583%
6	NIGEL O. COKE	21,916,052	2.437%
7	MAYBERRY MANAGED CLIENTS ACCOUNT	12,799,807	1.423%
8	TROPICAL BATTERY COMPANY LTD CONTRIBUTORY PENSION SCHEME	10,190,987	1.133%
9	MAYBERRY INVESTMENTS LTD PENSION SCHEME	9,729,450	1.082%
10	KONRAD BERRY	7,298,154	0.812%
Top 10 Holdings		818,999,543	91.081%
Other Shareholders		80,200,787	8.919%
Total		899,200,330	100%

Directors	Direct	Connected Parties	Total	Percentage
DERRICK COTTERELL[1]	0	584,653,270	584,653,270	65.019%
ANAND JAMES	0	0	0	0%
IAN C. KELLY[1]	23,228,140	0	23,228,140	2.583%
HOWARD MITCHELL	1,450,000	0	1,450,000	0.161%
CLIVE C. NICHOLAS	329,500	0	329,500	0.036%
CARLTON E. SAMUELS	250,000	0	250,000	0.028%
WILFORD HEAVEN	0	0	0	0%
TANIA WALDRON-GOODEN	0	0	0	0%

1. Executive Directors of Derrimon Trading Company Limited.

Senior Manager	SHAREHOLDINGS	PERCENTAGE
JANICE LEE	110,000	0.01%
ANAND JAMES	0	0%
RHONDE MCPHERSON	0	0%
CHRISTOPHER CARLESS	0	0%
RECHAL TURNER	0	0%

NOTES

CARIBBEAN FLAVOURS & FRAGRANCES

FORM OF PROXY

2022 ANNUAL REPORT

AFFIX $100 STAMP HERE AND CANCEL

I/We[1]................Name of Shareholder(s)................of................Address of the Shareholder(s)................

being member/members of **CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED** (the "Company") HEREBY APPOINT:

................Name of Proxy................of................Address of Proxy................

or failing him, **The Chairman of the Board** of **Caribbean Flavours and Fragrances Limited** (the "Company"), as my/our proxy vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday, September 27, 2023, at 1:00p.m. at The Terra Nova Hotel, 17 Waterloo Road, Kingston 10, St. Andrew, Jamaica** "in-person" or via facebook.com/derrimontrading accessible from our website at www.caribbeanflavoursjm.com and at any adjournment thereof.

Please indicate with an **"X"** in the space provided how you wish your proxy to vote on the Resolution referred to. Unless otherwise indicated, the proxy will vote as he thinks fit.

RESOLUTION	FOR	AGAINST
RESOLUTION NO. 1 Directors' Report and Auditors Report and Audited Financial Statements		
RESOLUTION NO. 2 Ratify the Ordinary paid on November 30, 2022 as final for the year ended December 31, 2022.		
RESOLUTION NO. 3 Re-election of Director		
RESOLUTION NO. 3a "THAT Mr. Clive Nicholas be and is hereby re-elected a Director of the Company."		
RESOLUTION NO. 3b "THAT Mr. Anand James be and is hereby re-elected a Director of the Company."		
RESOLUTION NO. 3c THAT Mr. Howard Mitchell be and is hereby re-elected a Director of the Company."		
RESOLUTION NO. 4 Directors' Remuneration		
RESOLUTION NO. 5 Appointment and remuneration of the Auditors		

Signed this day of 2023. ________Signature of Shareholder(s)________

Signature

NOTES

1. This Form of Proxy must be lodged at the Registered Office of the Company not later than forty-eight (48) hours before the meeting.
2. Any alterations in this Form of Proxy should be initialed.
3. In the case of joint holders, the signature of one holder will be sufficient but the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders, seniority being determined by the order in which the names stand on the register.
4. If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an office or attorney duly authorized.
5. An adhesive stamp of $100.00 must be affixed to the Form of Proxy.

CARIBBEAN FLAVOURS
& FRAGRANCES LIMITED

CARIBBEAN FLAVOURS & FRAGRANCES LIMITED REGISTERED OFFICE

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