



## TABLE OF CONTENTS

	PAGE
DIRECTORS' REPORT TO SHAREHOLDERS ON COMPANY'S FINANCIAL PERFORMANCE	2 – 6
FINANCIAL STATEMENTS:	7 - 15
Consolidated Income Statement	7
Consolidated Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10 - 11
Notes to the Financial Statements	12 - 15
SHAREHOLDINGS' REPORT	16 - 18



**DIRECTORS' REPORT TO SHAREHOLDERS ON  
COMPANY'S FINANCIAL PERFORMANCE**

**FOURTH QUARTER ENDED DECEMBER 31, 2023**

The Board of Directors is pleased to report on the financial performance of Spur Tree Spices Jamaica Limited (STS) for the fourth quarter ended December 31, 2023, including the presentation of unaudited financial statements, prepared in accordance with International Financial Reporting Standards (IFRS).

**Quarterly Review**

<b>SPUR TREE SPICES JAMAICA LIMITED</b>			
<b>CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 4TH QUARTER ENDED DECEMBER 31, 2023</b>	<b>Unaudited 4th Quarter 2023</b>	<b>Unaudited 4th Quarter 2022</b>	<b>Q4 2023 vs Q4 2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>REVENUE</b>	393,355	356,468	10.3
<b>COST OF SALES</b>	(272,825)	(255,573)	6.8
<b>GROSS PROFIT</b>	120,530	100,895	19.5
<b>OTHER OPERATING INCOME</b>	1,619	468	100.0
	122,149	101,363	20.5
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>	(91,699)	(75,930)	20.8
	30,450	25,433	19.7
<b>IMPAIRMENT LOSSES ON TRADE RECEIVABLES</b>	-	(378)	100.0
<b>OPERATING PROFIT</b>	30,450	25,055	21.5
<b>FINANCE COSTS</b>	(13,507)	(8,883)	52.1
<b>(LOSS)/PROFIT BEFORE TAXATION</b>	16,943	16,172	4.8
<b>TAXATION</b>	-	110	-100.0
<b>PROFIT FOR THE YEAR, BEING TOTAL COMPREHENSIVE (LOSS)/INCOME</b>	16,943	16,282	4.1
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:</b>			
<b>OWNERS OF THE COMPANY</b>	11,588	13,414	-13.6
<b>NON-CONTROLLING INTEREST</b>	5,385	2,868	87.8
	16,973	16,282	4.2
<b>EARNINGS PER SHARE</b>	\$0.010	\$0.010	
<b>SHAREHOLDERS' EQUITY</b>	953,690	800,901	19
<b>TOTAL ASSETS</b>	1,513,866	1,401,769	8
<b>CASH AND CASH EQUIVALENTS</b>	61,657	137,350	(55)



## Performance Overview

The company's consolidated revenue for the fourth quarter was \$393M, up from \$356M in the similar quarter of the previous year. This is a ten (10%) percent increase which is commendable considering the significant raw material shortages being faced in the agro processing sector. The company continues to expand its sales and distribution network and expects an increase of its revenue growth once the supply of local raw material inputs is normalized.

Gross profit climbed by 19.5% during the quarter, from \$101M to \$121M, and the gross profit margin improved from 28.3% to 30.6%. This improvement resulted from targeted cost of sales reduction initiatives and is especially noteworthy given the exorbitant prices of raw material ingredients during the period, arising from prolonged shortages due to adverse weather conditions.

Cost of sales rose to \$273M from \$256M, a 7% year-on-year increase. Administrative expenses for the current period increased by 21%, from \$76M in the fourth quarter of 2022 to \$92M in 2023. Finance costs rose to \$13.5M up from \$8.9M the previous year. The increase of \$4.6M is primarily attributed to accounting for an additional month's interest relative to the comparative period as well as higher rates on a loan for Spur Tree Spices.

Net profit for the quarter was \$16.9M, a slight improvement over the \$16.3M achieved in the same period for 2022. The company's net profit outcome was negatively impacted by lower-than-expected revenue due to ongoing raw material shortages and price hikes arising from the limited supply. The local farming sector was seriously impacted by a prolonged drought during the first six months of 2023, followed by excessive heavy rainfall that virtually wiped out the crops that our business depends on. The industry is yet to recover from the impact of these events, and this has prompted the company to explore alternative avenues for the supply of these critical ingredients.

On a positive note, Canco Ltd. posted a profit of \$7M for the quarter, which signals a promising upward trajectory for the company and an anticipated accelerated profit growth in 2024.



## Year over Year Review

SPUR TREE SPICES JAMAICA LIMITED			
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR YEAR ENDED DECEMBER 31, 2023	Unaudited 12 months 2023	Audited 12 months 2022	2023 vs. 2022
	\$'000	\$'000	%
REVENUE	1,459,350	1,028,530	41.9
COST OF SALES	(1,024,933)	(697,443)	47.0
GROSS PROFIT	434,417	331,087	31.2
OTHER OPERATING INCOME	7,330	2,236	227.8
	441,747	333,323	32.5
ADMINISTRATIVE AND OTHER EXPENSES	(307,962)	(195,258)	57.7
	133,785	138,065	-3.1
IMPAIRMENT LOSSES ON TRADE RECEIVABLES	0	(12,060)	-100.0
OPERATING PROFIT	133,785	126,005	6.2
FINANCE COSTS	(46,370)	(12,564)	269.1
(LOSS)/PROFIT BEFORE TAXATION	87,415	113,441	-22.9
TAXATION	464	2,181	-78.7
PROFIT FOR THE YEAR, BEING TOTAL			
COMPREHENSIVE (LOSS)/INCOME	87,879	115,622	-24.0
TOTAL COMPREHENSIVE (LOSS)/INCOME			
ATTRIBUTABLE TO:			
OWNERS OF THE COMPANY	83,767	116,813	-28.3
NON-CONTROLLING INTEREST	4,162	(1,191)	449.5
	87,929	115,622	-24.0
EARNINGS PER SHARE	\$0.052	\$0.069	
SHAREHOLDERS' EQUITY	953,690	870,781	9.5
TOTAL ASSETS	1,513,866	1,490,850	1.5
CASH AND CASH EQUIVALENTS	61,657	148,246	-58.4

Consolidated revenue for 2023 fiscal year was \$1.5B, up from \$1B in 2022, marking an impressive 41.9% year-on-year increase. The company continues to experience high demand for its products in all its existing markets. New and innovative products were introduced during the year and many more are slated to be released to the market by the end of the first quarter of 2024.



Cost of sales increased to \$1.02B from \$697M the previous year, marking a 47% increase. This increase stemmed from higher input costs due to significantly elevated price of raw materials. The company is very mindful that the current conditions are not sustainable given the negative impact on our overall business and will be making direct investments in farming activity to ensure supply availability and price stability.

Gross profit margin declined from 32.19% in 2022 to 29.77% in 2023. The planned direct investment in farming activities will ensure the Company will have access to adequate raw material inputs at standard prices. This is expected to lead to the recovery and improvement of gross profit margin in the coming months.

Administrative expenses for 2023 was \$307.8M which is an increase of 57.7% when compared to 2022. Current administrative expenses are 21.7% of revenue and all expenditures in this category are under review and corrective actions will be taken to bring back in line with target of 18%.

Finance costs for the fiscal year moved from \$12.6M to \$46.4M year-on-year, largely due to accounting for interest charges across the group for the entirety of 2023, compared to only three months in 2022.

Net Profit year-on-year experienced a 24% decline from \$115.6M in 2022 to \$87.4M in 2023. This outcome was primarily impacted by the second quarter's performance due to raw material unavailability. This challenge continued throughout the year; however, the company was able to take proactive actions to mitigate similar impacts on subsequent periods. We are cognizant of the need to improve profitability and are making the right investments to achieve this desired outcome.

## **Environmental Factors Impacting Growth**

Though there were several challenges, Spur Tree Spices achieved a commendable increase in consolidated revenue. The decline in its gross margins is primarily due to factors affecting the availability and prices of critical local inputs such as scallion, pepper, onion, and thyme. These raw material inputs are used in approximately 80% of the core products: seasoning and sauces. This has led to the inability to fulfil orders in some instances, resulting in a direct impact on revenue. Additionally, the prices of local fresh inputs have remained exceptionally high throughout the year with no immediate signs of a return to normalization.



## **Crafting a Self-Sufficient & Sustainable Future**

Given the challenges experienced with the supply of critical raw material ingredients throughout the year, and the resulting impact on sales and gross margins, Spur Tree Spices has decided to enter a joint venture arrangement to secure most of its raw material inputs needs. This will ensure a stable supply of these raw material inputs at a reasonable and sustainable price. With the general growth in sectors such as agro processing, tourism and others that depend on these raw material inputs, it is the Management's view that the existing supply arrangement is woefully inadequate to meet current and future needs. Therefore, this investment is necessary to secure and grow our business. Notwithstanding, we remain committed to working with the farmers who have traditionally supplied these products to our business and new ones who are willing to invest in the sector. Having invested heavily in infrastructure, new processing lines, new product development and new markets, it is critically important that all uncertainties surrounding the availability of raw materials be removed to capitalize on the expected returns from these investments.

In the upcoming quarter, Spur Tree Spices is set to launch an array of creative and innovative products, including our much-anticipated line of dried spices. This strategic move represents our foray into new categories and a significant expansion of our product offerings.

In tandem with these exciting launches, we will be rolling out a comprehensive company-wide rebranding initiative. This strategic overhaul of the look and feel of our new packaging will enhance the visual appeal and elevate the overall brand experience.

Considering these proactive strategies and recent investments, we are poised for a robust return to our growth targets, underpinned by self-sufficiency and expanded offerings. With the anticipated success of our new products and strategic initiatives, Spur Tree Spices is set to surmount market challenges effectively, ensuring a bright and more sustainable future ahead.

Metry Seaga  
Chairman/ Director

Albert Bailey  
CEO/ Director

**SPUR TREE SPICES JAMAICA LIMITED**  
**CONSOLIDATED INCOME STATEMENT**  
**YEAR ENDED DECEMBER 31, 2023**

	Unaudited		Unaudited	Audited
	Quarters Ended		Years Ended	
	31 December	31 December	31 December	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>REVENUE</b>	393,355	356,468	1,459,350	1,028,530
Cost of sales	- 272,825	- 255,573	- 1,024,933	- 697,443
<b>GROSS PROFIT</b>	120,530	100,895	434,417	331,087
Other operating income	1,619	468	7,380	2,236
	122,149	101,363	441,797	333,323
Administrative and other expenses	- 91,699	- 75,930	- 307,962	- 195,258
Impairment losses on trade receivables	-	- 378	-	- 12,060
<b>OPERATING PROFIT</b>	30,451	25,055	133,835	126,005
Finance costs	- 13,507	- 8,883	- 46,370	- 12,564
<b>PROFIT BEFORE TAXATION</b>	16,943	16,172	87,465	113,441
Taxation	-	110	464	2,181
<b>PROFIT FOR THE PERIOD, BEING TOTAL COMPREHENSIVE INCOME</b>	16,943	16,282	87,929	115,622
<b>TOTAL COMPREHENSIVE INCOME</b>				
<b>ATTRIBUTABLE TO:</b>				
Owners of the company	11,558	13,414	83,767	116,813
Non-controlling interest	5,385	2,868	4,162	- 1,191
	16,943	16,282	87,929	115,622
<b>EARNINGS PER STOCK UNIT</b>	0.01c	0.01c	0.05c	0.07c

<b>SPUR TREE SPICES JAMAICA LIMITED</b>			
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>			
<b>DECEMBER 31, 2023</b>			
	<b>Unaudited</b>	<b>Audited</b>	
	<b>31 December</b>	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>	
	<b>\$'000</b>	<b>\$'000</b>	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	738,162	682,434	
Intangible assets	187,217	196,545	
Investments	3,777	3,777	
Right-of-use asset	29,213	36,725	
Deferred tax assets	4,222	6,067	
	962,592	925,548	
<b>CURRENT ASSETS</b>			
Inventories	229,780	194,721	
Receivables	261,933	222,335	
Cash and cash equivalents	61,657	148,246	
	553,369	565,302	
	1,515,961	1,490,850	
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY:</b>			
Share capital	366,967	366,967	
Capital reserve	150	150	
Retained earnings	429,361	346,062	
	796,478	713,179	
Non-controlling interest	159,307	157,602	
	955,785	870,781	
<b>NON-CURRENT LIABILITIES:</b>			
Lease liability	22,717	30,276	
Director's loan	30,823	29,323	
Non-current portion of borrowings	345,275	403,908	
	398,815	463,507	
<b>CURRENT LAIBILITIES:</b>			
Payables	69,060	101,254	
Taxation	1,345	982	
Lease liability	10,865	9,697	
Directors' current accounts	21,806	23,503	
Current portion of borrowing	58,284	21,126	
	161,361	156,562	
	1,515,961	1,490,850	

APPROVED FOR ISSUE BY THE BOARD OF DIRECTORS ON FEBRUARY 8, 2024, AND SIGNED ON ITS BEHALF BY:

  
 \_\_\_\_\_  
 METRY SEAGA  
 CHAIRMAN/ DIRECTOR

  
 \_\_\_\_\_  
 ALBERT BAILEY  
 CEO/ DIRECTOR



**SPUR TREE SPICES JAMAICA LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**DECEMBER 31, 2023**

	Share Capital	Capital Reserve	Retained Earnings	Total Attributable to Equity Holders of the Parent	Non- Controlling Interest	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<i>BALANCE AT 1 JANUARY 2022</i>	157,143	150	253,967	411,260	-	411,260
<i>TOTAL COMPREHENSIVE INCOME</i>						
<i>Net profit for the year</i>	-	-	116,813	116,813	- 1,191	115,622
<i>TRANSACTIONS WITH OWNERS</i>						
<i>Issue of shares, net</i>	209,824	-	-	209,824	-	209,824
<i>Dividends paid</i>	-	-	-	-	-	-
			24,718	24,718		24,718
<i>Non-controlling interest on     acquisition of subsidiary</i>	-	-	-	-	167,613	167,613
	209,824	-	-	185,106	167,613	352,719
			24,718			
<i>BALANCE AT 31 DECEMBER 2022 (Audited)</i>	366,967	150	346,062	713,179	166,422	879,601
<i>BALANCE AT 1 JANUARY 2023</i>	366,967	150	346,062	713,179	166,422	879,601
<i>TOTAL COMPREHENSIVE INCOME</i>						
<i>Net profit for the year</i>	-	-	87,929	83,767	4,162	87,929
<i>TRANSACTIONS WITH OWNERS</i>						
<i>Dividends paid</i>	-	-	-	-	-	-
			4,630	4,630		4,630
<i>BALANCE AT 31 DECEMBER 2023 (Unaudited)</i>	366,967	150	429,361	792,316	170,584	962,900

**SPUR TREE SPICES JAMAICA LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2023**

	<u>Unaudited</u>	<u>Audited</u>
	Year ended 31 Dec 2023 \$'000	Year ended 31 Dec 2022 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit	87,929	115,622
Adjustments for:		
Depreciation	44,164	33,904
Amortisation of right-of-use asset	7,512	10,016
Impairment losses on trade receivables	-	12,060
Amortisation of intangible asset	148	232
Interest expense	43,740	12,564
Foreign exchange gain	- 5,126	1,386
Interest income	- 1,568	1,555
Taxation	- 464	2,181
	<u>176,335</u>	<u>179,276</u>
Changes in operating assets and liabilities:		
Inventories	- 35,059	27,836
Receivables	- 39,598	131,510
Payables	- 32,194	9,040
Due to related company	-	-
Directors' current accounts	- 196	6,659
	<u>69,288</u>	<u>285,331</u>
Taxation paid	-	27,538
Cash provided by operating activities	<u>69,288</u>	<u>257,793</u>

<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	- 55,728	- 86,041
Purchase of intangible		- 443
Acquisition of subsidiary, net of cash required	-	- 342,589
Interest received	1,568	1,555
Cash used in investing activities	- 54,160	- 427,518
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares, (net)	-	209,824
Dividend paid	- 4,630	24,718
Proceeds from loans	-	294,800
Loans repaid	- 49,481	235,981
Interest paid on loans	- 43,740	8,377
Principal paid on lease liability	- 6,391	9,241
Interest paid on lease liability	- 2,601	4,187
Cash (used in)/ provided by financing activities	- 106,843	222,120
Exchange gain on foreign cash balances	5,126	1,386
Net decrease in cash and cash equivalents	- 86,589	53,781
Cash and cash equivalents at beginning of period	148,246	94,465
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	61,657	148,246

## Notes to Financial Statement

### 1. SEGMENT REPORTING

The Group has two reportable segments which are based on the different types of products that it offers as follows:

	<b>31 December 2023</b>		
	<b><u>Spices</u></b> <b><u>\$'000</u></b>	<b><u>Canned</u></b> <b><u>Products</u></b> <b><u>\$'000</u></b>	<b><u>Total</u></b> <b><u>\$'000</u></b>
<b>REVENUE:</b>			
Revenue	1,048,823	656,532	1,705,355
Inter-segmental revenue	-	246,005	246,005
<b>Total revenue from</b>			
<b>external customers</b>	1,048,823	410,527	1,459,350
Other income	5,961	1,382	7,343
<b>Total revenue</b>	<b>1,054,784</b>	<b>411,909</b>	<b>1,466,694</b>
Segment profits / (loss)	97,767	10,302	87,465
Unallocated expenses	-	-	-
Profit before taxation			87,465
Taxation			464
Profit for the year			<b>87,929</b>

The Group has two reportable segments which are based on the different types of products that it offers as follows:

**31 December 2022**

---

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

## 6. RELATED PARTY TRANSACTIONS AND BALANCES:

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

(a) Key management compensation:

	<u>Unaudited</u>	<u>Audited</u>
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' remuneration	27,555	27,431
Directors' fees	2,605	2,635
	<u>30,160</u>	<u>30,066</u>

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

	<u>Unaudited</u>	<u>Audited</u>
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Due to:		
Directors' current accounts	<u>21,806</u>	<u>23,503</u>
Director's loan	<u>30,823</u>	<u>29,323</u>

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

## 7. EXPENSES BY NATURE:

Total direct and administration expenses:

	<b>Unaudited</b>	<b>Audited</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of sales recognized as expense	901,972	673,463
Auditor's remuneration	5,470	4,100
Directors' remuneration and fees	30,160	30,066
Staff costs	235,284	71,325
Depreciation and amortization	44,312	33,904
Amortization of right-of-use asset	7,512	10,016
Maintenance fee	12,298	13,168
Utilities	5,057	4,663
Advertising and promotion	13,482	9,326
Insurance	13,215	7,642
Repairs and maintenance	12,849	6,580
Legal and professional fees	24,357	11,421
Travel and entertainment	5,331	4,131
Motor vehicle expenses	10,763	7,150
Other expenses	10,835	5,746
	<u>1,332,895</u>	<u>892,701</u>



**TOP TEN (10) STOCKHOLDERS  
AS AT DECEMBER 31, 2023**

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	447,241,839	31.1845
	HARRINARINE MOHAN & CHANDRA JAGNARINE	75,709,548	
2.	ALBERT BAILEY	260,473,912	15.5325
3.	GK INVESTMENTS LTD	229,614,702	13.6923
4.	ANAND & JOAN JAMES	115,000,000	6.8577
5.	DAVE NARINE	97,000,000	5.7843
6.	RAVI RAMBARRAN	78,836,641	4.7012
7.	CAL'S MANUFACTURING LIMITED	35,507,483	2.1174
8.	CONTINENTAL BAKING COMPANY LIMITED	27,216,517	1.6230
9.	VIVIENNE CLAYTON	24,561,756	1.4647
10.	NICOLAS MATTHEWS	20,168,367	1.2027





**SHAREHOLDING BY BOARD OF DIRECTORS  
AS AT DECEMBER 31, 2023**

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	447,241,839	31.1845
	HARRINARINE MOHAN & CHANDRA JAGNARINE	75,709,548	
2.	ALBERT BAILEY	260,473,912	15.5324
3.	ANAND JAMES	115,000,000	6.8577
4.	STEPHEN & NSAMBI RICKETTS	11,231,899	0.6698
5.	METRY SEAGA	8,400,000	0.5009
6.	YANA SAMUELS	1,000,000	0.0596
7.	DANIELLE TERRELONGE	100,000	0.0060



**SHAREHOLDING BY SENIOR MANAGERS  
AS AT DECEMBER 31, 2023**

	NAME	UNITS	VOLUME (%)
1.	HARRINARINE MOHAN JAGNARINE	SELF - 447,241,839	31.1845
	HARRINARINE MOHAN & CHANDRA JAGNARINE	CONNECTED - 75,709,548	
2.	ALBERT BAILEY	SELF - 260,473,912	15.5324
3.	RANI-DEVI BADALOO	SELF – 0 CONENCTED – 522,951,387	31.1845
4.	TAMARA SAMMS	SELF – 246,200	0.00151
5.	VENETIA SHEPHERD	SELF – 149,700	0.00089
6.	FIONA DOWNS	SELF – 47,100	0.00028
7.	SERETA MCDONALD	SELF – 39,252	0.00018