



CARIBBEAN FLAVOURS AND FRAGRANCES LTD.

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"Tease the Senses"

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED (CFF)

Nine (9) months and Q3 Report as at 30 September 2022

Highlights of period ending 30 September 2022

	CURRENT QUARTER			YEAR-TO-DATE		
	30 September 2022	30 September 2021	% Change	30 September 2022	30 September 2021	% Change
	\$ '000	\$ '000		\$ '000	\$ '000	
Revenue	202,084	162,886	24.06%	561,936	464,187	21.06%
Gross Profit	57,586	53,612	7.41%	173,376	149,383	16.06%
Gross Profit Margin	28.50%	32.91%	-13.42%	30.85%	32.18%	-4.13%
Net profit	14,804	17,133	-13.59%	59,555	58,361	2.05%
Earnings per share	\$ 0.02	\$ 0.02	0.00%	\$ 0.07	\$ 0.06	16.66%

Performance Review of Q3 2022

We are pleased to present the performance of Caribbean Flavours and Fragrances Limited (CFF) to shareholders for the third quarter ending 30 September 2022. Revenue increased by 24.06% to \$202.084 million, our highest grossing quarter to date. This increase in revenue came as a result of the company's continued work in building both local and export sales which are being reflected in these results.

Gross profit grew by 7.41% to \$57.586 million with the gross profit margin declining from 32.91% to 28.50%. This can be attributed to the faster than expected price increases in raw materials where some major inputs experienced a sharp spike in base prices before returning to some levels of normalcy later in the quarter. We have accounted for some of these price adjustment during the year, but the company is cognizant of the inflationary pressures facing our customers. The management was concerned about the impact further price increases in such a short time window could have on our them, especially the smaller businesses and as such, the decision to absorb some of this price increase was taken.

Total expenses rose by 21.94% to \$44.932 million as the company had higher salaries and wages, increased utility costs and costs associated with the build out of the overseas explorations were the major contributors. While these expenses are higher, the company was able to secure a new multibillion-dollar overseas client and we expect to see activities from this new relationship within the next quarter. The strategy adopted by the Company, of direct selling, the continuous capacity build out and demonstration of our competences ensured that we deliver quality products to existing and new customers.

The net finance income reported for the period was \$4.150 million and is compared to the \$3.007 million seen in the prior quarter, despite the Jamaican Dollar (JMD) depreciating against the United States Dollar (USD) during the second quarter from \$151.56 to \$152.82. Profit before taxation declined by 16.53% to \$16.804 million while net profit ended the quarter down 13.59% to \$16.804 million. Earnings per share was steady at \$0.02.

Performance Review of Nine (9) Months to 30th September 2022

Notwithstanding the challenges presented in the quarter, CFF's revenue reached new heights at \$561.936 million which is the best nine months performance in our history. This is only \$75.778 million below our full 2021 financial year's outturn.

Gross profit grew 16.06% to \$173.376 million despite the continuous increases experienced in our cost of sales driven by the continued increases in base prices at a pace faster than rising demand or price adjustments. The gross profit margin declined to 30.85% but remains above 30% which is critical for a manufacturing business. Net profit is up by 2.05% to \$59.555 million and Earnings Per Share increased to \$0.07.

The financial year 2022 thus far has been a year that presents a plethora of challenges for many businesses, but CFF remains up to the task in serving our customers and building a better Jamaica. With one quarter remaining, we remain determine to exceed our targets and produce another spectacular year for our shareholders.

Balance Sheet

Total assets improved by 16.21% to \$765.509 million on a year over year basis. Current assets continue to represent the largest portion of our asset base at \$629.938 million. Our cash balance currently stands at \$47.030 million while our short-term investments stand at \$229.885 million. Based on the fact that there still exist market supply chain disruptions and rising costs, the company's inventory stands at \$210.310 million which ensures the company can meet the demands of our customers especially going to what is expected to be a busy and active fourth quarter. Our receivables and prepayments balance of \$113.614 million remains of the highest quality as most of our balances remain under 60 days. Non-current assets closed the quarter at \$135.571 million.

Total liabilities increased by 17.71% to \$181.322 million. Current liabilities grew 23.11% to \$82.445 million as the payables and accruals balance moved up to \$75.357 million. The company has a long-term loan with four years to repayment, but the debt-to-equity ratio stands at 0.3 times. CFF's current ratio is 7.64 times which demonstrates sufficient capital to pay current liabilities.

Shareholder's equity increased by 15.65% to \$584.187 million from the higher accumulated surplus during the reporting period.

Market Performance

	September 30, 2022	September 30, 2021	Percentage
CFF Stock Price	\$1.75	\$1.90	-7.89%
Junior Market Index	4,229.54	3,296.35	28.31%
JSE Manufacturing and Distribution Index	99.47	105.15	-5.40%
Market Capitalization	\$1.57 Billion	\$1.71 Billion	-8.19%

The Junior Market set new records especially during the third quarter where One-on-One Educational Services Limited became the 46th company to list on the Junior Market and 100th listed company on the overall Jamaica Stock Exchange (JSE). This monumental occasion continues to demonstrate the Junior Market's role not only with building the country, but also giving an opportunity for dreams to take flight. One-on-One's IPO garnered more than \$3 billion in

subscriptions relative to the \$358 million offer which speaks volumes to the future of investing in Jamaica.

A year over year comparison shows that the Junior Market Index appreciated more than the JSE Manufacturing and Distribution Index and CFF's stock performance which declined marginally. The company's market capitalization stood at a solid \$1.57 Billion at the end of the quarter.

Outlook and Risks

We hosted our CFF Open Day under the theme 'Build A Drink! Improve Yuh Thing' on August 17, 2022 at our head office on Spanish Town Road. There were presentations by the Bureau of Standards Jamaica, Small Business Association of Jamaica and the Jamaica Manufacturers & Exporters Association under the theme. There were a number of attendees including media appearances covering the event. We launched three new flavours at the session which included Tropical Surprise, Yaad Blend and Mixed Berry. These events with businesses in the flavours and fragrance segments are critical in not only identifying new potential customers, but also in building the capacity of entrepreneurs to scale their small businesses forward.

Currency Risk – This arises from the settlement of transactions in a currency other than the company's functional currency which is the Jamaica Dollar (JMD). Since the JMD depreciates against major currencies such as the United States Dollar, Canadian Dollar and Great British Pound, this creates additional cost when the transaction is to be completed. The company continues to maintain an adequate balance of foreign exchange relative to our JMD bank holdings. By maintaining our current position plus exporting more to other markets, we've limited some of the risks that come with the depreciation of the local currency.

Supply Chain Risk – While shipping costs have begun to normalize after the mass spike seen in 2021, there is now a rising lag in the processing of goods which is leading to shortages in various categories of goods and commodities. There are also wide variances at different periods in the price of certain commodities which can further impact the final costs to the consumer. We have maintained an additional buffer of inventory to mitigate against the delay in receiving raw materials from suppliers. Though this is one strategy, the company still must contend with shortages of different materials from our suppliers who can't get their key inputs to start their transformation process in the manufacturing of raw materials. As a result, the company is working closely with clients to fine tune our own flavours and fragrances to ensure it matches their desired objectives.

While raw material prices continue to fluctuate, CFF makes moderate price increases where relevant. Despite these price increases, our major customers remain grateful for our dialogue and the ability for CFF to service their needs. We have been able to manufacture consistently due to our prudent inventory management.

Due to the supply chain disruptions which continue to affect the local manufacturing industry, the company is working carefully with its clients to help them chart these times where the economy has reopened and demand is exploding above pre-pandemic levels. We continue to build capacity and work on new products in our Development Lab for the expanding industry.

After working with our international partners last quarter on the new portfolio of products to be distributed, we subsequently ventured into the Southern Caribbean and secured a contract with a manufacturer.

CFF continues to remain in compliance with JSE rules, safety standards and other statutory requirements.

Taxation

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on October 7, 2013. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least fifteen (15) years.

Years 1 to 5 (October 7, 2013 – October 6, 2018) – 100%

Years 6 to 10 (October 7, 2018 – October 6, 2023) – 50%

The Company's 100% remission of income taxes expired 6 October 2018 and as a consequence the Company's taxable profit will be subject to 50% tax remission until 6 October 2023.

Earnings Per Stock Unit

Earnings per stock unit are calculated by dividing the profit for the period by the weighted average number of shares issued for the period.

	Quarter ended September 30, 2022 \$'000	Quarter ended September 30, 2021 \$'000	9 Months ended September 30, 2022 \$'000	9 Months ended September 30, 2021 \$'000	Year ended December 31, 2021 \$'000
Net profit	14,804	17,133	59,555	58,361	79,595
Weighted average number of shares	899,200,330	899,200,330	899,200,330	899,200,330	899,200,330
Earnings Per share	\$0.02	\$0.02	\$0.07	\$0.06	\$0.09

We continue to thank our employees for their commitment and dedication bearing in mind the challenges faced during this reporting period. To our shareholders, customers and other stakeholders we thank them for their continued support as we continue to expand our business and bring greater value to all parties. We are having a record year despite the challenges, and we are very optimistic for the last quarter of 2022.

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS, SENIOR OFFICERS
AS AT SEPTEMBER 30, 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	NIGEL COKE	45,172,793	5.357%
4	IDEAL GLOBAL INVESTMENTS LIMITED	30,968,610	3.444%
5	IAN C. KELLY	23,228,140	2.583%
6	NIGEL O. COKE	21,442,781	2.385%
7	MAYBERRY MANAGED CLIENTS ACCOUNT	13,304,333	1.480%
8	TROPICAL BATTERY COMPANY LTD CONTRIBUTORY PENSION SCHEME	10,190,987	1.133%
9	MAYBERRY INVESTMENTS LIMTIED PENSION SCHEME	9,729,450	1.082%
10	KONRAD BERRY	7,298,154	0.812%
Top 10 Holdings		818,208,518	90.993%
Other Shareholders		80,991,812	9.007%
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	500,000	0	500,000	0.056%
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%

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

UNAUDITED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS TO 30 SEPTEMBER 2022

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

FINANCIAL STATEMENTS

FOR THE NINE MONTHS TO 30 SEPTEMBER 2022

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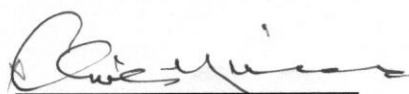
CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME
FOR THE NINE MONTHS TO 30 SEPTEMBER 2022

	Unaudited 3 months ended 30 September 2022 \$ '000	Unaudited 3 months ended 30 September 2021 \$ '000	Unaudited 9 months ended 30 September 2022 \$ '000	Unaudited 9 months ended 30 September 2021 \$ '000	Audited 12 months ended 31 December 2021 \$ '000
REVENUE	202,084	162,886	561,936	464,187	637,714
Cost of sales	<u>(144,498)</u>	<u>(109,274)</u>	<u>(388,560)</u>	<u>(314,804)</u>	<u>(441,813)</u>
Gross profit	57,586	53,612	173,376	149,383	195,901
Selling and distribution costs	(1,233)	(1,217)	(3,343)	(2,815)	(7,074)
Administrative expenses	(43,699)	(35,269)	(107,747)	(94,451)	(123,320)
Net finance income	<u>4,150</u>	<u>3,007</u>	<u>5,269</u>	<u>14,244</u>	<u>15,349</u>
Profit before tax	16,804	20,133	67,555	66,361	88,498
Taxation	(2,000)	(3,000)	(8,000)	(8,000)	(8,903)
Net profit	14,804	17,133	59,555	58,361	79,595
Earnings per share	\$0.02	\$0.02	\$0.07	\$0.06	\$0.09

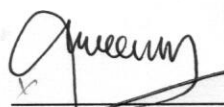
CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

Note	Unaudited 30 September 2022 \$ '000	Unaudited 30 September 2021 \$ '000	Audited 31 December 2021 \$ '000
ASSETS			
CURRENT ASSETS			
Cash and bank balances	47,030	23,567	8,587
Short term investments	229,885	285,164	261,793
Tax recoverable	3,617	3,225	3,614
Due from related party	25,482	-	20,000
Receivables and prepayments	113,614	97,252	104,163
Inventories	210,310	144,339	185,432
	<u>629,938</u>	<u>553,547</u>	<u>583,589</u>
NON-CURRENT ASSETS			
Property, plant and equipment	42,897	22,388	44,682
Right of use assets	76,793	83,208	81,156
Investment	15,000	-	15,000
Deferred tax assets	881	-	881
	<u>135,571</u>	<u>105,596</u>	<u>141,719</u>
	<u>765,509</u>	<u>659,143</u>	<u>725,308</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Payables and accruals	75,357	58,439	81,320
Taxation payable	2,440	3,881	9,216
Current portion of long term loan	-	-	3,940
Current portion of lease liability	4,648	4,648	4,638
	<u>82,445</u>	<u>66,968</u>	<u>99,114</u>
LONG TERM LIABILITIES			
Deferred tax liabilities	-	3,550	0
Long term bank loan	18,467	-	17,898
Lease liability	80,410	83,512	83,664
	<u>98,877</u>	<u>87,062</u>	<u>101,562</u>
EQUITY			
Share capital	56,200	56,200	56,200
Retained earnings	527,987	448,913	468,432
	<u>584,187</u>	<u>505,113</u>	<u>524,632</u>
Total liabilities and equity	<u>765,509</u>	<u>659,143</u>	<u>725,308</u>

Approved and signed on behalf of the Board by:



Clive Nicholas - Director



Ian Kelly - Director

CARIBBEAN FLAVOURS AND FRAGRANCES
STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS TO 30 SEPTEMBER 2022

	Unaudited 30 September 2022		Unaudited 30 September 2021		Audited 31 December 2021	
	Share Capital \$ '000	Retained Earnings \$ '000	Share Capital \$ '000	Retained Earnings \$ '000	Share Capital \$ '000	Retained Earnings \$ '000
Balance at beginning of period	56,200	468,432	56,200	433,797	56,200	433,797
Issue of shares					-	
Net profit		59,555		58,361	-	79,595
Dividends paid	-		-	(43,245)	-	(44,960)
	<u>56,200</u>	<u>527,987</u>	<u>56,200</u>	<u>448,913</u>	<u>56,200</u>	<u>468,432</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS TO 30 SEPTEMBER 2022

	9 months ended 30 September 2022 \$ '000	9 months ended 30 September 2021 \$ '000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Profit after taxation	59,555	58,361
Adjustment for non-cash income and expenses		
Depreciation	8,328	5,673
Lease interest expense	(3,244)	
Amortization of right-of-use assets	4,363	
Interest income	(6)	(4,980)
	<u>68,996</u>	<u>59,054</u>
Changes in operating assets and liabilities		
Inventories	(24,878)	6,382
Receivables and prepayments	(9,451)	(17,541)
Due from related party	(5,482)	
Payables and accruals	(5,963)	16,309
Tax recoverable	(3)	
Taxation	(6,776)	(5,224)
	<u>(52,553)</u>	<u>(74)</u>
Net cash provided by operating activities	<u>16,443</u>	<u>58,980</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(6,543)	(5,333)
Sale/(purchase) of investments	31,908	(46,969)
Dividends paid	-	(43,245)
Interest received	6	4,980
Net cash provided by/(used in) investing activities	<u>25,371</u>	<u>(90,567)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Bank loan	(3,371)	(2,077)
Net cash used in financing activities	<u>(3,371)</u>	<u>(2,077)</u>
NET INCREASE/(DECREASE) IN NET CASH AND CASH EQUIVALENTS	38,443	(33,664)
Cash and cash equivalents at beginning of year	8,587	57,231
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>47,030</u>	<u>23,567</u>
Represented by:		
Cash on hand	1,416	8,526
Bank balances	45,614	15,041
	<u>47,030</u>	<u>23,567</u>

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2022

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES

Caribbean Flavours and Fragrances Limited (“the Company”) is a company limited by shares, incorporated and domiciled in Jamaica. Its registered office is located at 226 Spanish Town Road, Kingston 11. The principal activity of the company is the manufacture of and distribution of flavours mainly for the beverage, baking and confectionery industries. The company also sells food colouring and fragrances.

2. BASIS OF PREPARATION

Statement of Compliance

The financial statements of Caribbean Flavours and Fragrances Limited have been prepared in accordance with and compliance with International Financial Reporting Standards (IFRS) under the historical cost convention, as modified by the revaluation of certain financial assets. The same accounting policies and methods of computation are followed in the unaudited financial statements as were applied in the audited financial statements for the year ended December 31, 2021.

New Standards

IAS 1 (Amended)

Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012), amendments to revise the way other comprehensive income is presented.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. Although these estimates are based on management’s best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are noted below:

Critical Accounting Estimates and Judgements in Applying Accounting Policies

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

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and have been consistently applied for all the years presented.

IFRS 16, 'Leases' (effective for accounting periods beginning on or after 1 January 2019) IFRS 16 eliminates the classification by a lessee of leases as either operating or finance. Instead, all leases are treated in a similar way to finance leases in accordance with IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets US\$5,000 and short-term leases (i.e., leases with a lease term of 12 months or less).

Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Upon adoption of IFRS 16, the lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The adoption of IFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. Management has decided it will apply the modified retrospective adoption method, and therefore, the revised requirements are not reflected in the prior year financial statements.

Depreciable assets

Management exercises judgement in determining whether cost incurred can accrue significant future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and their expected utility to the Company resulting in the depreciation determined thereon

Allowance for losses

In determining amounts recorded for provision for impairment of receivables in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measureable decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimate of likely future cash flows from impaired receivables as well as the time of such cash flows. Historical cost experience is applied where indicators of impairment are not observable on individual significant receivables with similar characteristics, such as credit risks.

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Comparative information

Comparative figures have been reclassified, where necessary, to conform to changes in presentation in the current year.

Valuation of property, plant and equipment

Management exercises judgement in determining whether cost incurred can accrue significant future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgement is applied in the annual review of the useful lives of all categories of property, plant and equipment and their expected utility to the Company resulting in the depreciation determined thereon.

Depreciation

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is calculated on the straight-line basis at annual rates estimated to write-off the cost of fixed assets over their expected useful lives. The annual rates are as follows:

Leasehold property & improvements	10%
Plant and machinery, furniture & fixtures, office equipment	10%
Computer equipment	33⅓%
Motor vehicles	25%

The assets' residual values and useful lives are reviewed periodically for impairment. Where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the statement of comprehensive income.

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

Revenue recognition

Revenue from the sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED
 NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
 NINE MONTHS ENDED 30 SEPTEMBER 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign currency translation

Balances in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the exchange rate prevailing at the date of the transactions. Gains or losses on translation are dealt with in the statement of comprehensive income. Exchange rates are determined by the weighted average rate at which Commercial Banks trade in foreign currencies as published by the Central Bank.

Trade receivables

Trade receivables are carried at anticipated realizable value. A provision is made for impairment of trade receivables when it is established that there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivable. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

4. SHARE CAPITAL

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
<u>Authorised:</u>		
2,600,000,000 ordinary shares of no par value (2020:91,452,000)		
<u>Issued and fully paid:</u>		
899,200,330	56,200	56,200

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

(a) The authorized share capital of the Company was increased from 91,452,000 shares to 2,600,000,000 shares, by the creation of an additional 2,508,548,000 ordinary shares each ranking pari passu in all respects with the existing ordinary shares or stock units in the capital of the Company.

(b) The issued ordinary shares in the capital of the Company was subdivided into 10 ordinary shares with effect from the close of business on October 13, 2020 resulting in the total issued shares capital of the Company being increased from 89,920,033 ordinary shares of no par value to 899,200,330 ordinary shares of no par value.