



CARIBBEAN FLAVOURS AND FRAGRANCES LTD.

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"Tease the Senses"

Highlights of Quarter 2 2024

	Current Quarter			Year to Date		
	June 30, 2024 \$'000	June 30, 2023 \$'000	Change	June 30, 2024 \$'000	June 30, 2023 \$'000	Change
Revenue	260,350	219,248	18.75%	447,909	432,079	3.66%
Gross Profit	98,282	75,250	30.61%	163,400	143,849	13.59%
Gross Margin	37.75%	34.32%	3.43%	36.48%	33.29%	3.19%
Profit before Tax	52,400	38,785	35.10%	68,830	68,212	0.91%
Net Profit	40,400	34,785	16.14%	52,830	60,712	-12.08%
Earnings Per Share	\$0.04	\$0.04	0.00%	\$0.06	\$0.07	-14.29%

Performance Review of Q2 2024

We are pleased to present the performance of Caribbean Flavours and Fragrances Limited (CFF) to shareholders for the second quarter ending June 30, 2024. The company's revenue increased by \$41.102 million or 18.75% to \$260.350 million largely driven by the increase in demand from our customers for manufactured goods as well as fulfilling some special orders from some large customers during the period.

As noted in our first quarter report, there continues to be an exhibited slowdown in the domestic economy which impacts the demand of consumers and in turn which negatively impact demands for some of our manufacturing customers. Orders based on our projections which were not realized in the first quarter were fulfilled in the second quarter thereby positively impacting reported revenue to a new record high.

We continue to be negatively impacted by logistic delays in receiving certain key inputs in the desired timelines to fulfil requested orders. Based on our projection, these delays resulted in a 2-5% negative impact on revenue.

Gross profit grew by 30.61% to \$98.282 million which reflects our cost management and resource planning to grow revenue without materially increasing input costs. The impact from the mix of these strategies resulted in the improvement to the reported gross profit margin from 34.32% to 37.75%.

Total expenses rose by 20.75% to \$51.582 million as our security costs rose by more than 60% given the increase in minimum wage and security rates, maintenance costs also increased due the need for scheduled plant maintenance as required by our quality standards, staff costs increased due to annual salary adjustments.

Profit before taxation improved by \$13.615 million or 35.10% to \$52.400 million with net profit after tax ending the quarter at \$40.400 million, representing a 16.14% year over year improvement. The increase in taxation during the second quarter is due to the fact that the company no longer is benefiting from a tax remission which ended in October 2023. Earnings per share was unchanged at \$0.04.

Performance Review of 6 Months 2024

Revenue for the first half of the year improved by 3.66% to \$447.909 million. Gross profit improved year over year by 13.59% to \$163.400 million with our gross profit margins improving to 36.48%. Operating expenses increased by 17.38% to \$101.959 million due to higher staff costs, a significant rise in security costs, general insurance, professional fees and maintenance costs.

Net finance income declined 34.19% to \$7.388 million as the company had a smaller foreign exchange gain in the period.

Profit before tax is 0.91% higher at \$68.830 million but reflects an after-tax profit of \$52.830 million which is 12.08% below the \$60.712 million reported in comparative 2023 period due to the fact that full taxation is now being borne by the company. The company is now being taxed at the normal 25% income tax rate compared to the prior period where the company had a 50% tax remission on the normal rate, i.e.12.5%. Earnings per share moved down from \$0.07 to \$0.06.

We are proud of our achievements during the first half of the year against the backdrop of a tight labour market and reduced consumption in the domestic economy. Although the latter half of 2024 is yet to be written, we still remain dedicated to achieving \$1 billion in assets and \$1 billion in revenue while growing our export revenue even further. Our team is dedicated to serving Jamaica and the wider region with the best products at the most competitive price whilst availing the best quality that which we are known for.

Balance Sheet

Total assets grew by 4.42% to \$892.193 million on a year over year basis. The majority of this growth can be attributed to current assets which closed the period at \$723.720 million. Cash balance currently stands at \$15.282 million while our short-term investments stand at \$80.200 million. Inventory balance was relatively unchanged compared to similar reporting period in 2023, but the company continues to maintain adequate inventory to meet the projected demands of its customers.

Our receivables balance grew to \$173.770 million following the completion of special orders during the period. Non-current assets is now being reported at \$168.473 million.

Total liabilities decreased by 18.37% to \$187.654 million whilst current liabilities decreased by 33.06% to \$95.481 million as the company's payables balance was cut to \$77.878 million.

Shareholders' equity increased by 12.80% to \$704.539 million from the \$624.562 million reported in the previous year.

Economic Environment

The Bank of Jamaica (BOJ) maintained their policy rate at 7.00% during the first half of 2024 with point-to-point inflation decreasing to 5.4% which is within the 4.00 - 6.00% target range. Net international reserves closed out June at US\$5.03 billion which represents 25.73 weeks of goods and service imports. The FX rate between the USD – JMD depreciated from \$154.70 at the start of the quarter to \$156.30 at the end of June 2024. The FX rate has depreciated 0.87% from \$154.95 since the start of the year.

Market Performance

	June 30, 2024	June 30, 2023	December 29, 2023
CFF Stock Price	\$1.55	\$1.32	\$1.80
Junior Market Index	3,843.23	3,984.23	3848.33
JSE Manufacturing and Distribution Index	105.04	101.58	102.94
Market Capitalization	\$1.39 Billion	\$1.19 Billion	\$1.62 Billion

The equities market capitalization has had a mixed performance in the first half of 2024 as investors preference for fixed income instruments remain relatively high. The Main Market recorded a 6.70% improvement in value traded during the six months period, but the Junior Market and USD Market saw 44.76% and 49.78% declines, respectively, in value traded. While the overall indices are slightly down, most securities on the JSE have declined in value since the start of 2024.

The Express Catering Limited and Mayberry Jamaican Equities Limited bond offers, NCB Financial Group Limited additional public offering (APO) and Omni Industries Limited initial public offering (IPO) are the only public market transactions that took place in the period. While this is an improvement to 2023 when market activity was a lot quieter, it does demonstrate that the equity markets aren't roaring as seen in prior years when numerous offers were being floated each year. The Bank of Jamaica (BOJ) left its policy rate unchanged during the period but indicated it would reduce its absorption of liquidity from deposit taking institutions through its open market operations.

CFF's stock price peaked at \$1.70 during the second quarter and closed the period at \$1.55 which left it 13.89% lower than the \$1.80 at the start of 2024. As a result, the company's market capitalisation stood at \$1.39 billion. The Junior Market Index marginally declined while the Manufacturing & Distribution index improved 2.04% in Q2.

Outlook and Risks

We have identified these key risks to our businesses and noted how we are currently addressing them below.

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 (USD), Canadian Dollar and Great British Pound, this creates additional cost when the transaction is to be completed. There was further depreciation observed in the third quarter with the selling rate against the USD surpassing \$158 and the BOJ intervening several times through their foreign exchange (FX) management mechanisms. 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 – Supply chain risk arises when there is a delay for goods to be received by the company in the expected timeline. There are no more major delays with shipping containers as seen during 2020 – 2022, but CFF has observed longer arrival times from inputs sourced from some of its major suppliers. The normal timeline of a month to receive a container load of inventory has been doubled in recent times, an issue which has affected the ability for CFF to fulfil some orders. CFF is exploring different solutions to ensure it can continue to fulfil customer demand, even where there is a delay in receiving key raw materials. While the company can maintain an additional buffer of inventory to mitigate against the delay in receiving raw materials from suppliers, it is done consciously to ensure that inventory write-offs are minimized. The company is also being more forthright about projections when considering what key products to stock up and in what quantities as well.

The company has a future ambition to grow its exports to be 30% of its total revenue. During the period, exports to Southern Caribbean manufacturers were tepid as some manufacturers didn't order larger volumes due to slower demand and longer timelines to meet payment obligations arising from internal foreign exchange challenges.

Given the need to grow the export segment of the company, we will continue with the push to increase our Caribbean presence in various sweet spots identified. This will involve quarterly and even monthly visits to certain markets stretching from Barbados to Guyana.

The company recently attended the 25th staging of the TIC (Trade and Investment Convention) in Tunapuna, Trinidad & Tobago and will be attending other trade shows in the coming months in a bid to drum up new overseas demand. This will also involve developing products for customers in those markets, but we will be very cautious about how much product we sell in external markets to minimize receivables risk.

We are currently developing several new flavours and fragrances for new and existing clients which could be launched later this year. One of these new products will be a reduced sugar product, but the reintroduction will be done in different stages to ensure success.

Hurricane Beryl did not cause any major damage to CFF's operations when it passed Jamaica on July 3. However, the month of July was quite slow as the country took its time to get back on stream. We pray that the citizens in the parishes of Westmoreland, St. Elizabeth and Manchester benefit from some normalcy again following Beryl's passage.

We continue to thank our employees for their commitment and dedication bearing in mind the challenges faced during this reporting period and our shareholders, customers and other stakeholders for their support as we continue to expand our business and bring greater value to all parties. We've performed well so far this year, and we are looking forward to the remainder of 2024. We welcome all shareholders to join us for our upcoming annual general meeting to be held at the Terra Nova Hotel on September 11 at 1:00 pm and via facebook.com/derrimontrading.

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 June 30, 2024 \$'000	Quarter ended June 30, 2023 \$'000	6 Months ended June 30, 2024 \$'000	6 Months ended June 30, 2023 \$'000	Year ended December 31, 2023 \$'000
Net profit	40,400	34,785	52,830	60,712	132,819
Weighted average number of shares	899,200,330	899,200,330	899,200,330	899,200,330	899,200,330
Earnings Per share	\$0.04	\$0.04	\$0.06	\$0.07	\$0.15

SHAREHOLDINGS OF TOP TEN (10) STOCKHOLDERS, DIRECTORS, SENIOR OFFICERS AS AT JUNE 30, 2024

#	Name of Shareholder	Volume	Percentage Ownership
1	DERRIMON TRADING COMPANY LIMITED	584,653,270	65.0192%
2	DIGIPOINT LIMITED	66,938,487	7.4442%
3	JCSD TRUSTEE SERVICES LIMITED A/C BARITA UNIT TRUST CAPITAL GROWTH FUND	63,759,548	7.0907%
4	IDEAL GLOBAL INVESTMENTS LIMITED	30,968,610	3.4440%
5	NIGEL O. COKE	23,556,079	2.6197%
6	IAN C. KELLY	23,228,140	2.5832%
7	TROPICAL BATTERY COMPANY LTD CONTRIBUTORY PENSION SCHEME	10,190,987	1.1333%
8	MAYBERRY INVESTMENTS LTD PENSION SCHEME	9,729,450	1.0820%
9	SAGICOR SELECT FUND LIMITED – ('CLASS C' SHARES) MANUFACTURING AND DISTRIBUTION	7,212,860	0.8021%
10	KONRAD BERRY	6,951,663	0.7731%
Top 10 Holdings		827,189,094	91.9916%
Other Shareholders		72,011,236	8.0084%
Total		899,200,330	100%

Directors	Direct	Connected Parties	Total	Percentage
DERRICK COTTERELL ¹	0	584,653,270	584,653,270	65.0192%
ANAND JAMES	0	0	0	0%
IAN C. KELLY ¹	23,228,140	0	23,228,140	2.5832%
HOWARD MITCHELL	1,450,000	0	1,450,000	0.1613%
CLIVE C. NICHOLAS	329,756	0	329,756	0.0367%
CARLTON E. SAMUELS	250,000	0	250,000	0.0278%
WILFORD HEAVEN	0	0	0	0%
TANIA WALDRON-GOODEN	0	0	0	0%

1. Executive Directors of Derrimon Trading Company Limited.

Senior Manager	Shareholding	Percentage
JANICE LEE	110,000	0.0122%
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 SIX MONTHS TO 30 JUNE 2024

CARIBBEAN FLAVOURS AND FRAGRANCES LIMITED

FINANCIAL STATEMENTS

FOR THE SIX MONTHS TO 30 JUNE 2024

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Caribbean Flavours and Fragrances Limited

Statement of Comprehensive Income

Six months ended 30 June 2024

	Unaudited 3 months ended 30 June 2024 \$ '000	Unaudited 3 months ended 30 June 2023 \$ '000	Unaudited 6 months ended 30 June 2024 \$ '000	Unaudited 6 months ended 30 June 2023 \$ '000	Audited 12 months ended 31 December 2023 \$ '000
REVENUE	260,350	219,248	447,909	432,079	900,805
Cost of sales	<u>(162,067)</u>	<u>(143,998)</u>	<u>(284,508)</u>	<u>(288,230)</u>	<u>(576,017)</u>
Gross profit	98,282	75,250	163,400	143,849	324,788
Selling and distribution costs	(2,755)	(1,157)	(4,481)	(2,088)	(10,880)
Administrative expenses	(48,827)	(41,312)	(97,478)	(84,775)	(179,288)
Net finance income/(expense)	<u>5,699</u>	<u>6,004</u>	<u>7,388</u>	<u>11,226</u>	<u>21,184</u>
Profit before tax	52,400	38,785	68,830	68,212	155,804
Taxation	(12,000)	(4,000)	(16,000)	(7,500)	(22,985)
Net profit	40,400	34,785	52,830	60,712	132,819
Earnings per share	\$0.04	\$0.04	\$0.06	\$0.07	\$0.15

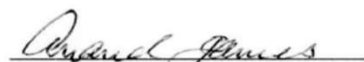
Caribbean Flavours and Fragrances Limited

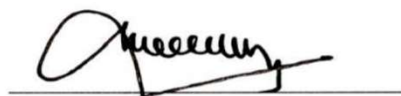
Statement of Financial Position

As at 30 June 2024

	Note	Unaudited 30 June 2024 \$ '000	Unaudited 30 June 2023 \$ '000	Audited 31 December 2023 \$ '000
ASSETS				
Non-Current Assets				
Property, plant and equipment		58,229	36,258	45,289
Rights-of-use assets		64,902	71,379	68,147
Investment securities		45,000	45,000	45,000
Deferred tax assets		343	1,740	343
		<u>168,473</u>	<u>154,376</u>	<u>158,779</u>
Current Assets				
Inventories		199,512	198,176	216,985
Receivables		173,770	135,626	164,292
Tax recoverable		6,265	5,085	6,070
Due from related parties		248,691	174,864	237,117
Cash and bank equivalents		15,282	46,317	32,957
Short term deposits		80,200	140,009	79,619
		<u>723,720</u>	<u>700,076</u>	<u>737,040</u>
TOTAL ASSETS		<u><u>892,193</u></u>	<u><u>854,452</u></u>	<u><u>895,819</u></u>
EQUITY AND LIABILITIES				
Stockholder's Equity				
Share capital		56,200	56,200	56,200
Retained earnings		648,339	568,362	595,509
		<u>704,539</u>	<u>624,562</u>	<u>651,709</u>
Non-Current Liabilities				
Long term loan		20,500	11,440	9,293
Lease liability		71,673	75,833	74,338
		<u>92,173</u>	<u>87,273</u>	<u>83,631</u>
Current Liabilities				
Payables and accruals		77,878	128,003	139,784
Taxation payable		8,850	5,390	11,942
Current portion of long term loan		4,165	4,250	4,165
Current portion of lease liability		4,588	4,974	4,588
		<u>95,481</u>	<u>142,617</u>	<u>160,479</u>
TOTAL EQUITY AND LIABILITIES		<u><u>892,193</u></u>	<u><u>854,452</u></u>	<u><u>895,819</u></u>

Approved and signed on behalf of the Board by:


Anand James - Director


Ian Kelly - Director

Caribbean Flavours and Fragrances Limited

Statement of Changes in Equity

Six months ended 30 June 2024

	Unaudited 30 June 2024		Unaudited 30 June 2023		Audited 31 December 2023	
	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	595,509	56,200	507,650	56,200	507,650
Issue of shares					-	
Net profit		52,830		60,712	-	132,819
Dividends paid	-		-		-	(44,960)
	<u>56,200</u>	<u>648,339</u>	<u>56,200</u>	<u>568,362</u>	<u>56,200</u>	<u>595,509</u>

Caribbean Flavours and Fragrances Limited

Statement of Cash Flows

Six months ended 30 June 2024

	6 months ended 30 June 2024 \$ '000	6 months ended 30 June 2023 \$ '000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Net profit	52,830	60,712
Adjustment for non-cash income and expenses		
Depreciation	7,690	6,231
Lease interest expense	(2,665)	(2,856)
Amortization of right-of-use assets	3,245	3,259
Interest income	(9,151)	(7,364)
	<u>51,949</u>	<u>59,982</u>
Changes in operating assets and liabilities		
Inventories	17,473	(18,815)
Receivables and prepayments	(9,478)	(6,241)
Due from related party	(11,574)	(120,327)
Payables and accruals	(61,906)	40,008
Tax recoverable	(195)	(599)
Taxation payable	(3,092)	1,060
	<u>(68,771)</u>	<u>(104,914)</u>
Net cash used in operating activities	<u>(16,823)</u>	<u>(44,932)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(20,630)	(3,200)
Purchase of investments	(581)	12,821
Dividends paid	-	-
Interest received	9,151	7,364
Net cash (used in)/provided by investing activities	<u>(12,060)</u>	<u>16,985</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Bank loan	11,207	(1,920)
Net cash provided by/(used in) financing activities	<u>11,207</u>	<u>(1,920)</u>
NET DECREASE IN NET CASH AND CASH EQUIVALENTS	(17,675)	(29,867)
Cash and cash equivalents at beginning of year	32,957	76,184
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>15,282</u></u>	<u><u>46,317</u></u>
Represented by:		
Cash on hand	721	316
Bank balances	14,561	46,001
	<u><u>15,282</u></u>	<u><u>46,317</u></u>

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Six months ended 30 June 2024

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, 2023.

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 & Fragrances Limited

Notes to the Unaudited Financial Statements

Six months ended 30 June 2024

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 estimates 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 & Fragrances Limited

Notes to the Unaudited Financial Statements

Six months ended 30 June 2024

3. 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.

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.

Caribbean Flavours & Fragrances Limited

Notes to the Unaudited Financial Statements

Six months ended 30 June 2024

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

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>2024</u>	<u>2023</u>
	\$'000	\$'000
<u>Authorised:</u>		
2,600,000,000 ordinary shares of no par value (2022: 2,600,000,000)		
<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.