CARIBBEAN CREAM LIMITED

FINANCIAL STATEMENTS

FEBRUARY 28, 2015

KPMG
Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Financial Statements

We have audited the financial statements of Caribbean Cream Limited, set out on pages 3 to 26, which comprise the statement of financial position as at February 28, 2015, and the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether or not the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence relating to the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including our assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG

INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Financial Statements, cont'd

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Caribbean Cream Limited as at February 28, 2015, and of its financial performance, and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Jamaican Companies Act.

Report on additional matters as required by the Jamaican Companies Act

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

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

Comparative information

The financial statements of the previous year were audited by another firm of Chartered Accountants, who issued an unqualified opinion dated May 29, 2014.

KPMG

Chartered Accountants
Kingston, Jamaica

May 22, 2015

CARIBBEAN CREAM LIMITED

Statement of Financial Position
February 28, 2015

	Notes	2015	2014
NON-CURRENT ASSET			
Property, plant and equipment	3	394,047,280	368,664,901
CURRENT ASSETS			
Cash and cash equivalents	4	1,756,896	6,441,419
Directors' current account	5(i)	2,025,849	-
Trade and other receivables	6	33,047,695	30,720,489
Inventories	7	79,993,317	66,158,455
Total current assets		116,823,757	103,320,363
CURRENT LIABILITIES			
Trade and other payables	8	68,386,799	85,291,221
Taxation payable		898,293	4,575,007
Current portion of long-term loans	9	24,407,428	21,822,832
Bank overdraft	10	4,576,530	11,546,087
Directors' current account	5(ii)	-	5,595,209
Total current liabilities		98,269,050	128,830,356
Net current assets/(liabilities)		18,554,707	(25,509,993)
Total assets less current liabilities		$412,601,987	343,154,908
NON-CURRENT LIABILITY			
Long-term loans	9	125,829,649	113,148,870
EQUITY			
Share capital	11	111,411,290	111,411,290
Revaluation reserve	12	47,669,736	47,669,736
Accumulated profits		127,691,312	70,925,012
Total equity		286,772,338	230,006,038
Total non-current liability and equity		$412,601,987	343,154,908

The financial statements on pages 3 to 26 were approved for issue by the Board of Directors on May 22, 2015 and signed on its behalf by:

Carol Clarke Webster Director
Carol Clarke-Webster

C. Clarke Director
Christopher Clarke

The accompanying notes form an integral part of the financial statements.

CARIBBEAN CREAM LIMITED

Statement of Profit or Loss and Other Comprehensive Income
Year ended February 28, 2015

	Notes	2015	2014
Gross operating revenue	13	1,012,860,965	855,568,026
Cost of operating revenue		(737,060,605)	(653,085,762)
Gross profit		275,800,360	202,482,264
Other income		2,497,610	1,136,047
		278,297,970	203,618,311
Administrative, selling and distribution expenses:			
Administrative		(156,316,264)	(122,549,959)
Selling and distribution		(38,184,264)	(26,938,622)
		(194,500,528)	(149,488,581)
Operating profit before finance costs and taxation		83,797,442	54,129,730
Finance costs	14	(27,031,142)	(18,368,557)
Profit before taxation	15	56,766,300	35,761,173
Taxation	16	-	(684,060)
Profit, being total comprehensive income for the year		$ 56,766,300	35,077,113
Earnings per stock unit	18	$ 0.15	0.10

The accompanying notes form an integral part of the financial statements.

CARIBBEAN CREAM LIMITED

Statement of Changes in Equity
Year ended February 28, 2015

	Share capital	Revaluation reserve	Accumulated profits	Total
Balances as at February 28, 2013	42,275,013	44,700,752	28,909,452	115,885,217
Issue of shares	69,136,277	-	-	69,136,277
Profit, being total comprehensive income for the year	-	-	35,077,113	35,077,113
Reversal of deferred taxation	-	2,968,984	6,938,447	9,907,431
Balances as at February 28, 2014	111,411,290	47,669,736	70,925,012	230,006,038
Profit, being total comprehensive income for the year	-	-	56,766,300	56,766,300
Balances as at February 28, 2015	$111,411,290	47,669,736	127,691,312	286,772,338

The accompanying notes form an integral part of the financial statements.

CARIBBEAN CREAM LIMITED

Statement of Cash Flows
Year ended February 28, 2015

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		56,766,300	35,077,113
Adjustments for:			
Depreciation	3	39,653,396	24,134,312
Interest expense	14	17,054,874	13,668,027
Loss on disposal of property, plant and equipment		344,000	955,000
Operating profit before changes in working capital		113,818,570	73,834,452
Trade and other receivables		(2,327,206)	(8,273,723)
Inventories		(13,834,862)	1,490,464
Trade and other payables		(16,904,422)	(15,171,206)
Taxation paid		(3,676,714)	(7,106,896)
Interest paid		(17,054,874)	(13,668,027)
Net cash provided by operating activities		60,020,492	31,105,064
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	800,000
Additions to property, plant and equipment	3	(65,379,775)	(170,335,280)
Net cash used by investing activities		(65,379,775)	(169,535,280)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares		-	69,136,277
Repayment of bank loans		(14,734,625)	(12,994,942)
Proceeds from loans		30,000,000	64,000,000
Directors' current account		(7,621,058)	2,467,012
Net cash provided by financing activities		7,644,317	122,608,347
Net increase/(decrease) in cash and cash equivalents		2,285,034	(15,821,868)
Cash and cash equivalents at beginning of the year		(5,104,668)	10,717,200
Cash and cash equivalents at end of the year		$(2,819,634)	(5,104,668)
Comprised of:			
Cash and bank balances	4	1,756,896	6,441,419
Bank overdraft	10	(4,576,530)	(11,546,087)
		$(2,819,634)	(5,104,668)

The accompanying notes form an integral part of the financial statements.

1. The company

Caribbean Cream Limited (the company) is incorporated and domiciled in Jamaica. The company's registered office is located at 3 South Road, Kingston 10, Jamaica.

The principal activities of the company are the manufacture and sale of ice cream, under the 'Kremi' brand, and the importation and distribution of certain types of frozen novelties.

The company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on May 17, 2013.

At the reporting date, Scoops Unlimited Limited, a company incorporated and domiciled in Jamaica, and its directors controlled the company by virtue of their direct holding of 78% of the issued shares of the company.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board, and comply with the provisions of the Jamaican Companies Act.

New, revised and amended standards and interpretations effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the company's financial statements.

New, revised and amended standards and interpretations that are not yet effective

At the date of approval of the financial statements, there were certain new standards, interpretations, and amendments to existing standards which were in issue but were not yet effective and which the company has not early adopted. Those which management considered may be relevant to the company and their effective dates are as follows:

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after July 1, 2014. The main amendments applicable to the company are as follows:

  - *IFRS 13 Fair Value Measurement* is amended to clarify that issuing of the standard and consequential amendments to IAS 39 and IFRS 9 did not intend to prevent entities from measuring short-term receivables and payables that have no stated interest rate at their invoiced amounts without discounting, if the effect of not discounting is immaterial.

2. Basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd)

- *Improvements to IFRS 2010-2012 and 2011-2013* cycles (cont'd):

  - IAS 16, *Property, Plant and Equipment* and IAS 38, *Intangible Assets.* The standards have been amended to clarify that, at the date of revaluation:

    (i) the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking account of accumulated impairment losses, or

    (ii) the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.

  - *IAS 24, Related Party Disclosures* has been amended to extend the definition of 'related party' to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. For related party transactions that arise when key management personnel services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the key management personnel services.

- IFRS 9, *Financial Instruments,* which is effective for annual reporting periods beginning on or after January 1, 2018, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement.* IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

2. Basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

New, revised and amended standards and interpretations that are not yet effective (cont'd)

- IFRS 15, *Revenue from Contracts with Customers,* is effective for annual reporting periods beginning on or after January 1, 2017. It replaces IAS 11 *Construction Contracts*, IAS 18 Revenue, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other IFRS takes precedence.
- Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation,* are effective for accounting periods beginning on or after January 1, 2016.
  - The amendment to IAS 16, *Property, Plant and Equipment,* explicitly states that revenue-based methods of depreciation cannot be used. This is because such methods reflect factors other than the consumption of economic benefits embodied in the assets.
  - The amendment to IAS 38, *Intangible Assets,* introduces a rebuttable presumption that the use of revenue-based amortisation methods is inappropriate for intangible assets.
- IAS 1, *Presentation of Financial Statements*, effective for accounting periods beginning on or after January 1, 2016, has been amended to clarify or state the following:
  - specific single disclosures that are not material do not have to be presented even if they are a minimum requirement of a standard.
  - the order of notes to the financial statements is not prescribed.
  - line items on the statement of financial position and the statement of profit or loss and other comprehensive income (OCI) should be disaggregated if this provides helpful information to users. Lines items can be aggregated if they are not material.
  - specific criteria is now provided for presenting subtotals on the statement of financial position and in the statement of profit or loss and OCI, with additional reconciliation requirements for the statement of profit or loss and OCI.
  - the presentation in the statement of OCI of items of OCI arising from joint ventures and associates accounted for using the equity method follows IAS 1 approach of splitting items that may, or that will never, be reclassified to profit or loss.

2. Basis of preparation and significant accounting policies (cont'd)

(a) Statement of compliance (cont'd):

The company is assessing the impact, if any, that adopting the foregoing standards, amendments and interpretations may have on the financial statements when they become effective.

(b) Basis of measurement and functional currency:

The financial statements are prepared on the historical cost basis, except for certain classes of property, plant and equipment which are carried at valuation, and are presented in Jamaica dollars, which is the functional currency of the company.

(c) Going concern:

The preparation of the financial statements in accordance with IFRS assumes that the company will continue in operational existence for the foreseeable future. This means, *inter alia*, that the statements of financial position and profit or loss and other comprehensive income assume no intention or necessity to liquidate the company or curtail the scale of its operations. This is commonly referred to as the going concern basis. Management is of the view that the going concern basis continues to be appropriate in the preparation of the financial statements.

(d) Use of estimates and judgements:

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of, and disclosures relating to, assets, liabilities, contingent assets and contingent liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods if the revision affects both current and future periods.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables:

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

2. Basis of preparation and significant accounting policies (cont'd)

(d) Use of estimates and judgements (cont'd):

(ii) Net realisable value of inventories:

Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the reporting date, to the extent that such events confirm conditions existing at the reporting date.

Estimates of net realisable value also take into consideration the purpose for which the inventory is held.

(iii) Residual value and useful life of property, plant and equipment:

The residual value and the useful life of each asset are reviewed at least at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The useful life of an asset is defined in terms of the asset's expected utility to the company.

It is reasonably probable, based on existing knowledge, that outcomes within the next financial year that are different from these assumptions could require a material adjustment to the carrying amount reflected in the financial statements.

(e) Property, plant and equipment:

(i) At cost:

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the assets. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be reliably measured. The cost of day-to-day servicing of property, plant and equipment is recognised in profit or loss as incurred.

(ii) At revaluation:

Certain classes of machinery and equipment are stated at their revalued amounts being the fair value at the date of revaluation, less accumulated depreciation and accumulated impairment losses, if any. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using the fair values at the reporting date.

Any revaluation increase arising on the revaluation of such assets is credited to revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such assets is charged to profit or loss to the extent that it exceeds the balance, if any, held in revaluation reserve relating to a previous revaluation of that asset.

2. Basis of preparation and significant accounting policies (cont'd)

(e) Property, plant and equipment (cont'd):

(iii) Depreciation:

Depreciation is recognised in profit or loss on the straight-line basis at annual rates estimated to write down the assets to their residual values over their expected useful lives. No depreciation is charged on construction in progress. The depreciation rates are as follows:

Buildings	5%
Leasehold improvement	10%
Machinery and equipment	10%
Motor vehicles	12.5%
Computer equipment	25%
Security systems	10%

Depreciation methods, useful lives and residual values are reassessed annually.

(f) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances. For the purpose of the statement of cash flows, bank overdraft that is repayable on demand and form an integral part of cash management activities, is included as part of cash and cash equivalents.

(g) Trade and other receivables:

Trade and other receivables are stated at amortised cost less impairment losses.

(h) Inventories:

Inventories are stated at the lower of cost, determined principally on a first-in-first-out (FIFO) basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

(i) Trade and other payables:

Trade and other payables are stated at cost.

(j) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest rate method.

2. Basis of preparation and significant accounting policies (cont'd)

(k) Revenue:

Revenue from sale of goods represents the invoiced value of goods and services, and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or material associated costs on the possible return of goods.

(l) Taxation:

Income tax on the profit or loss for the year comprises current and deferred tax. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Related parties:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

2. Basis of preparation and significant accounting policies (cont'd)

(m) Related parties (cont'd):

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(c) Related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

(n) Foreign currencies:

Foreign currency balances at the reporting date are translated at the exchange rates ruling at that date. Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Gains and losses arising from fluctuations in exchange rates are recognised in profit or loss.

For the purpose of the statement of cash flows, all foreign currency gains and losses are recognised in profit or loss and treated as cash items and included in the cash flows along with movement in the relevant balances.

(o) Impairment:

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

2. Basis of preparation and significant accounting policies (cont'd)

(o) Impairment (cont'd):

(i) Calculation of recoverable amount:

The recoverable amount of the company's loans and receivables, carried at amortised cost, is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of loans and receivables is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Property, plant and equipment

	Freehold land & buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Computer equipment	Construction in progress	Security system	Total
Cost or valuation:								
February 28, 2013	109,053,554	6,565,601	16,340,943	122,461,361	5,453,737	-	1,287,204	261,162,400
Additions	-	865,149	-	18,286,548	4,829,348	146,303,555	50,700	170,335,200
Disposals	-	-	-	(1,950,000)	-	-	-	(1,950,000)
February 28, 2014	109,053,554	7,430,750	16,340,943	138,797,909	10,283,085	146,303,535	1,337,904	429,547,680
Additions	-	-	-	16,219,966	431,729	48,728,080	-	65,379,775
Transfer	-	-	-	147,135,777	-	(147,135,777)	-	-
Disposals	-	-	-	(430,000)	-	-	-	(430,000)
February 28, 2015	109,053,554	7,430,750	16,340,943	301,723,652	10,714,814	47,895,838	1,337,904	494,497,455
Depreciation:								
February 28, 2013	12,839,339	656,560	5,174,191	14,155,879	3,651,241	-	466,257	36,943,467
Charge for the year	5,452,678	743,075	2,042,618	13,879,789	1,913,908	-	102,244	24,134,312
Disposals	-	-	-	(195,000)	-	-	-	(195,000)
February 28, 2014	18,292,017	1,399,635	7,216,809	27,840,668	5,565,149	-	568,501	60,882,779
Charge for the year	4,562,678	743,075	2,042,618	30,172,365	2,030,417	-	102,243	39,653,396
Disposals	-	-	-	(86,000)	-	-	-	(86,000)
February 28, 2015	22,854,695	2,142,710	9,259,427	57,927,033	7,595,566	-	670,744	100,450,175
Net book values:								
February 28, 2015 $	86,198,859	5,288,040	7,081,516	243,796,619	3,119,248	47,895,838	667,160	394,047,280
February 28, 2014 $	90,761,537	6,031,115	9,124,134	110,957,241	4,717,936	146,303,535	769,403	368,664,901

Certain assets of the company are pledged as securities for bank overdraft and other loans (see note 9).

4. Cash and cash equivalent

	2015	2014
Bank balances	1,615,896	6,300,421
Cash in hand	141,000	140,998
	$1,756,896	6,441,419

5. Directors' current account

(i) The amount due from director is unsecured, interest-free and repayable on demand.

(ii) The amount due to director principally represents advances to the company to assist with working capital, and is unsecured, interest-free and repayable on demand.

6. Trade and other receivables

	2015	2014
Trade receivables	28,290,720	20,012,432
Less provision for impairment losses	(813,690)	(1,243,701)
	27,477,030	18,768,731
Prepayments and deposits	5,348,959	11,632,008
Other receivables	221,706	319,750
	$33,047,695	30,720,489

The aging of trade receivables at the reporting date was:

	2015		2014	
	Gross	Impairment	Gross	Impairment
Not past due	1,655,565	-	-	-
Past due 30 days	21,265,720	-	17,456,271	-
Past due 60 days	4,639,501	83,756	815,243	-
Past due 90 days	87,650	87,650	497,217	-
Over 90 days	642,284	642,284	1,243,701	1,243,701
	$28,290,720	813,690	20,012,432	1,243,701

The movement in the allowance for impairment losses as at the reporting date was:

	2015	2014
Balance at beginning of year	1,243,701	-
Amount written off, net of recoveries	(430,011)	1,243,701
	$ 813,690	1,243,701

During the year, other receivables of $192,116 (2014: $758,756) was written off to profit or loss as impairment losses.

7. Inventories

	2015	2014
Raw materials	56,505,587	33,844,206
Finished goods	19,279,193	28,277,966
Goods in transit	4,208,537	4,036,283
	$79,993,317	66,158,455

During the year, inventories recognised in cost of operating revenue amounted to $737,060,605 (2014: $653,085,762), and inventories written off amounted to $Nil (2014: $Nil).

8. Trade and other payables

	2015	2014
Trade payables	49,679,914	64,397,667
Due to related party (note 17)	917,024	1,828,205
Other payables	17,789,861	19,065,349
	$68,386,799	85,291,221

9. Long-term loans

	2015	2014
The following loans are with the Bank of Nova Scotia Jamaica Limited:		
(i) Demand loan	697,740	1,844,642
(ii) Demand loan– cold room construction	89,555,555	64,000,000
(iii) Demand loans – equipment	13,038,808	19,123,212
(iv) Mortgage loans – Suthermere Road and South Road	46,944,974	50,003,848
	150,237,077	134,971,702
Less current portion	(24,407,428)	(21,822,832)
	$125,829,649	113,148,870

(i) This loan is repayable in monthly installments by 2016 with interest rates ranging from 8.95% to 14.75% per annum.

(ii) Repayable in monthly installments by October 2020 with fixed interest rate of 9.5% per annum.

(iii) Repayable in monthly installments by 2017 with interest rates ranging from 8.95 to 9.95% per annum.

(iv) Mortgage repayable in monthly installments by 2027 with interest rate at 15.75% per annum.

9. Long-term loans (cont'd)

Bank overdraft and loans from the Bank of Nova Scotia Jamaica Limited are secured by the following:

(a) First legal mortgage stamped for $35,000,000 over commercial properties located at 2A & 2D Suthermere Road, Kingston, Vols. 1293, 1288 and Folios 575, 348.

(b) Stamped collateral to assignment of Sagicor Life Insurance Policies on the life of a director with face value $36,500,000.

(c) First legal mortgage stamped for $50,000,000 over commercial property located at 3 South Road Kingston 10, St. Andrew Vol. 1101 and Folio 714.

(d) Second legal mortgage stamped for $4,800,000 over property located at Braemar Avenue Kingston 10, St. Andrew Vol. 1402 and Folio 485, registered in the name of a director.

(e) Peril Insurance over real estate at Suthermere Road and real estate and equipment at South Road.

(f) Bills of sale over motor vehicles and equipment owned by the company.

(g) Guarantees by a director.

10. Bank overdraft

The company has a bank overdraft facility of $13 million (2014: $13 million), which attracts interest of 15.75% (2014:17.5%) per annum. See note 9 for information on securities.

11. Share capital

	2015	2014
Authorised:		
5,100,000,000 ordinary shares of no par value		
Issued and fully paid:		
378,568,115 ordinary shares of no par value	$111,411,290	111,411,290

12. Revaluation reserve

This represents unrealised surplus on revaluation of certain property, plant and equipment.

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
February 28, 2015

13. Gross operating revenue

Gross operating revenue represents the invoiced value of sales, after deduction of returns, discounts allowed, and General Consumption Tax.

14. Finance cost

	2015	2014
Bank and other charges	4,589,886	4,005,575
Interest expense	17,054,874	13,668,027
Commitment fees	219,371	2,045,947
Net foreign exchange transaction loss/(gain)	5,167,011	(1,350,992)
	$27,031,142	18,368,557

15. Disclosure of expenses

Profit before taxation is stated after charging/(crediting):

		2015 $	2014 $
Depreciation (note 3)		39,653,396	24,134,312
Directors' emoluments	- Fees	2,298,944	1,174,781
	- Management remuneration	7,995,000	7,145,000
Staff costs (note 19)		125,673,684	98,098,336
Impairment losses, net		(430,011)	1,243,701
Auditors' remuneration		1,400,000	900,000

16. Taxation

(a) The taxation charge is based on the profit for the year, as adjusted for income tax purposes, and is made up as follows:

	2015	2014
Current tax charge at 25% (2014: 25%)	$ -	678,851

(b) Reconciliation of effective tax rate:

	2015	2014
Profit before taxation	$56,766,300	35,761,173
Computed 'expected' tax at 25% (2014: 25%)	14,191,575	8,940,293
Difference between profit for financial statements and tax reporting purposes on:		
Expenses not deductible for tax purposes	10,735,323	815,164
Net effect of other charges and allowances	(5,955,479)	(6,471,971)
Remission of income taxes [see note 16 (c)]	(18,971,419)	(2,599,426)
Actual tax credit	$ -	684,060

16. Taxation (cont'd)

(c) The company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on May 17, 2013. Consequently, the company is eligible for remission of income taxes for a period of ten years, provided the following conditions are met:

(i) The company's shares remain listed for at least 15 years and is not suspended from the JSE for any breaches of its rules.

(ii) The subscribed participating voting share capital of the company does not exceed $500 million.

(iii) The company has at least 50 participating voting shareholders:

The remission will apply in the following proportions:

(a) Years 1 to 5 (May 17, 2013 – May 16, 2018) – 100%
(b) Years 6 to 10 (May 17, 2018 – May 16, 2023) – 50%

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

17. Related party balances and transactions

The statements of financial position, and profit or loss and other comprehensive income include balances and transactions arising in the ordinary course of business during the year, with related parties as follows:

		2015 $	2014 $
(i)	Due to related party, Scoops Unlimited Limited (note 8)	917,024	1,828,205
(ii)	Director's current account (note 5)	2,025,849	(5,595,209)
(iii)	Staff loan	159,882	-
(iv)	Sale of ice cream	55,386,888	54,575,754
	Purchase of raw material	-	(34,825,298)
	Equipment rental	-	(774,500)

18. Earnings per share

Earnings per share is computed by dividing the profit for the year by the number of shares (2014: weighted average number of shares) in issue for the year of 378,568,115 (2014: 362,794,444).

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
February 28, 2015

19. Staff costs

	2015	2014
Salaries – direct labour	58,790,856	53,681,719
Employer's statutory contribution	9,661,794	7,468,897
Salaries – wages and staff benefits	57,221,034	36,947,720
	$125,673,684	98,098,336

20. Capital commitments

At the reporting date, the company has capital expenditure commitments but not yet contracted for, of $Nil (2014: $8.5 million).

21. Financial risk management

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

The company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market risk, which include interest rate risk and currency risk. This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. Management standards and procedures aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk:

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally on trade and other receivables and cash and cash equivalents. There is no significant concentration of credit risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

21. Financial risk management (cont'd)

(a) Credit risk (cont'd):

(i) Accounts receivable

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base has less of an influence on credit risk.

A credit policy has been established under which each new customer is analysed individually for creditworthiness. Credit is granted to customers on the approval of management. During the credit approval process, the customer is assessed for certain indicators of possible delinquency. In monitoring customer credit risk, customers are grouped according to the ageing of their debt.

The company does not require collateral in respect of trade and other receivables.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowances for doubtful debts are based on the ageing of the receivables.

(ii) Cash and cash equivalents

The company limits its exposure to credit risk by maintaining these balances with financial institutions considered to be stable and only with counterparties that are appropriately licensed and regulated. Management does not expect any counterparty to fail to meet its obligations.

There was no change to the company's exposure to credit risk during the year, or the manner in which it measures and manages the risk.

(b) Liquidity risk:

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquid resources to meet its financial liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Liquidity risk may result from an inability to sell a financial asset at, or close to, its fair value.

The following are the contractual maturities of financial liabilities measured at amortised cost. The tables show the undiscounted cash flows of non-derivative financial liabilities, including interest payments, based on the earliest date on which the company can be required to pay.

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
February 28, 2015

21. Financial risk management (cont'd)

(b) Liquidity risk (cont'd):

	2015				
	Carrying amount	Contractual cash flows	Less than 1 year	2 to 5 years	over 5 years
Bank overdraft	4,576,530	4,576,530	4,576,530	-	-
Loans	150,237,077	227,908,290	39,248,616	121,907,115	66,752,559
Trade and other payables	68,386,799	68,386,799	68,386,799	-	-
	$223,200,406	300,871,619	112,211,945	121,907,115	66,752,559

	2014				
	Carrying amount	Contractual cash flows	Less than 1 year	2 to 5 years	over 5 years
Bank overdraft	11,546,087	11,546,087	11,546,087	-	-
Directors' current account	5,595,209	5,595,209	5,595,209	-	-
Loans	134,971,702	163,518,832	25,606,687	82,120,543	55,791,602
Trade and other payables	85,291,221	85,291,221	85,291,221	-	-
	$237,404,219	265,951,349	128,039,204	82,120,543	55,791,602

There was no change to the company's exposure to liquidity risk during the year, or the manner in which it measures and manages the risk.

(c) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

(i) Currency risk:

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

The company is exposed to currency risk on transactions that are denominated in a currency other than its functional currency. The main currency giving rise to this risk are the United States dollar (US$).

The company ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in US$ as a hedge against adverse fluctuations in exchange rates.

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
February 28, 2015

21. Financial risk management (cont'd)

(c) Market risk (cont'd):

(i) Currency risk (cont'd):

Exposure to currency risk:

The company's exposure to foreign currency risk at the reporting date was as follows:

	2015			2014	
	JS Equivalent	US$	CDN$	J$ Equivalent	US$
Financial assets	1,378,799	6,857	6,365	2,444,259	22,561
Financial liabilities	(23,887,981)	(159,235)	(57,500)	(23,758,420)	(219,295)
Net liabilities	(22,509,182)	(152,378)	(51,135)	(21,314,161)	(196,734)

Sensitivity analysis:

Exchange rates in terms of the US$ to the Jamaica dollar were US$1: J$115.40 (2014: US$1: J$108.34).

A 10% (2014: 10%) weakening of the US$ and CDN$ against the J$ would increase profit for the year by $2,230,618 (2014: $2,100,000).

A 1% (2014: 1%) strengthening of the US$ and CDN$ against the J$ would decrease profit for the year by $223,062 (2014: $210,000). The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2014.

(ii) Interest rate risk:

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

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 was:

	Carrying amount	
	2015	2014
Fixed rate:		
Financial assets	1,756,896	6,441,419
Financial liabilities	(154,813,607)	(146,517,789)
	$(153,056,711)	(140,076,370)

21. Financial risk management (cont'd)

(c) Market risk (cont'd):

(ii) Interest rate risk (cont'd):

Fair value sensitivity analysis for instruments:

The company does not account for any financial instrument at fair value, therefore a change in interest rates at the reporting date would not affect the carrying value of the company's financial instruments.

Cash flow sensitivity analysis for variable rate instruments:

The company does not have any significant cash flow exposure to changes in rates because the majority of the loans are at fixed rates of interest and those at variable rates are insignificant.

(d) Capital management:

The Board seeks to maintain a strong capital base so as to maintain stakeholders' confidence. The company defines capital as total equity. There were no changes in the company's approach to capital management during the year.

The company is not subject to any externally-imposed capital requirements, except as shown in note 16(c).

(e) Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 has no financial instrument that is carried at fair value and 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 equivalent, trade and other receivables, bank overdraft, trade and other payables, and directors' current account 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 terms are at market.

CARIBBEAN CREAM LIMITED

SUPPLEMENTARY INFORMATION TO THE
FINANCIAL STATEMENTS

YEAR ENDED FEBRURY 28, 2015

CARIBBEAN CREAM LIMITED

Trading and Operating Account
Year ended February 28, 2015

	2015	2014
Gross operating revenue	1,012,860,965	855,568,026
Less cost of operating revenue:		
Opening inventories	66,158,455	67,648,918
Purchases	750,895,467	651,595,299
	817,053,922	719,244,217
Closing inventories	(79,993,317)	(66,158,455)
	737,060,605	653,085,762
Gross profit	275,800,360	202,482,264
Other income:		
Rental income	2,324,157	1,021,500
Miscellaneous income	173,453	114,547
	2,497,610	1,136,047
	278,297,970	203,618,311
Administrative expenses (Page II)	(156,316,264)	(122,549,959)
Selling and distribution expenses (Page II)	(38,184,264)	(26,938,622)
Operating profit before finance cost and taxation	$ 83,797,442	54,129,730

CARIBBEAN CREAM LIMITED

Administrative and Selling and Distribution Expenses
Year ended February 28, 2015

	2015	2014
Administrative:		
Accounting fees	8,143,620	12,466,118
Audit fees	1,400,000	900,000
Bad debts	192,116	756,756
Cleaning and sanitation	10,819,125	6,148,666
Courier expenses	1,347,413	1,291,533
Depreciation	11,178,881	3,396,107
Directors' remuneration	10,293,944	8,319,781
Insurance	5,640,047	4,894,913
Legal and professional fees	5,044,360	6,530,671
Loss on disposal of property, plant and equipment	344,000	955,000
Printing and stationery	2,219,616	2,506,617
Miscellaneous expenses	12,325	737,890
Office expenses	1,857,226	1,385,494
Property and asset taxes	499,500	308,281
Rental expenses	3,805,130	5,955,488
Repairs and maintenance	6,076,894	6,104,811
Secretarial fees	718,000	581,000
Salaries, wages and statutory contributions	66,882,828	44,416,617
Security	13,477,608	11,615,786
Subscriptions and donations	404,933	777,503
Utilities	5,958,698	1,257,226
Provision for doubtful debt	-	1,243,701
	$156,316,264	122,549,959
Distribution cost:		
Advertising and promotion	17,395,643	6,096,251
Licenses and permits	102,900	255,418
Motor vehicle expenses	14,639,083	12,561,179
Subsistence allowance	805,361	-
Travelling and entertainment	1,077,949	1,697,424
Transportation and delivery	4,163,328	6,328,350
	$ 38,184,264	26,938,622