CARIBBEAN CREAM LIMITED

FINANCIAL STATEMENTS

FEBRUARY 28, 2018

KPMG
Chartered Accountants
P.O. Box 76
6 Duke Street
Kingston
Jamaica, W.I.
+1 (876) 922 6640
firmmail@kpmg.com.jm

INDEPENDENT AUDITORS' REPORT

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caribbean Cream Limited ("the company"), set out on pages 7 to 32, which comprise the statement of financial position as at February 28, 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at February 28, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Carrying amount of trade receivables

Key Audit Matter	*How the matter was addressed in our audit*
The carrying value of the company's trade receivables may not be recoverable due to changes in the business and economic environment in which specific customers operate. There is judgment involved in determining the levels of allowance for impairment on these balances, because of the uncertainty involved in estimating the timing and amount of future collections.	Our audit procedures in response to this matter, included: • Testing the company's recording and ageing of trade receivables. • Testing subsequent receipts for selected customer accounts. • Evaluating the adequacy of the allowance for impairment recognized in respect of the company's trade receivables by assessing management's assumptions used and re-performing the calculation.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (continued)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 5 to 6, forms part of our auditors' report.

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.

The engagement partner on the audit resulting in this independent auditors' report is Wilbert Spence.

KPMG

Chartered Accountants
Kingston, Jamaica

April 26, 2018

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Appendix to the Independent Auditors' report

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
CARIBBEAN CREAM LIMITED

Appendix to the Independent Auditors' report (continued)

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

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

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

CARIBBEAN CREAM LIMITED

Statement of Financial Position
February 28, 2018
(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2018	Restated* 2017	2016
NON-CURRENT ASSET				
Property, plant and equipment	3	514,627,524	401,244,654	337,191,495
CURRENT ASSETS				
Cash and cash equivalents	4	174,734,550	176,182,137	152,523,086
Trade and other receivables	5	65,956,407	52,683,102	46,963,856
Inventories	6	92,709,122	161,221,320	73,343,031
Total current assets		333,400,079	390,086,559	272,829,973
CURRENT LIABILITIES				
Trade and other payables	7	128,891,940	119,054,700	71,376,204
Current portion of long-term loans	8	18,541,270	20,185,504	23,214,227
Total current liabilities		147,433,210	139,240,204	94,590,431
Net current assets		185,966,869	250,846,355	178,239,542
Total assets less current liabilities		700,594,393	652,091,009	515,431,037
NON-CURRENT LIABILITY				
Long-term loans	8	63,103,262	81,644,979	102,242,047
EQUITY				
Share capital	9	111,411,290	111,411,290	111,411,290
Accumulated profits		526,079,841	459,034,740	301,777,700
Total equity		637,491,131	570,446,030	413,188,990
Total non-current liability and equity		700,594,393	652,091,009	515,431,037

The financial statements on pages 7 to 32 were approved for issue by the Board of Directors on April 26, 2018 and signed on its behalf by:

Carol Clarke Webster Director
Carol Clarke Webster

C. Clarke Director
Christopher Clarke

* See note 19
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, 2018
(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2018	Restated* 2017
Gross operating revenue	10	1,373,279,233	1,213,548,844
Cost of operating revenue	11	(952,953,996)	(751,712,342)
Gross profit		420,325,237	461,836,502
Other income		2,247,921	2,299,345
		422,573,158	464,135,847
Administrative, selling and distribution expenses:			
Administrative		(275,031,285)	(231,789,269)
Selling and distribution		(46,643,441)	(47,777,103)
	11	(321,674,726)	(279,566,372)
Operating profit before finance costs and taxation		100,898,432	184,569,475
Finance income - interest		4,123,161	5,025,616
Finance costs, net	12	(15,262,405)	(13,409,645)
Profit, being total comprehensive income for the year		89,759,188	176,185,446
Earnings per stock unit	14	0.24	0.47

* See note 19
The accompanying notes form an integral part of the financial statements.

CARIBBEAN CREAM LIMITED

Statement of Changes in Equity
Year ended February 28, 2018
(Expressed in Jamaica dollar unless otherwise stated)

	Share capital (Note 9)	Revaluation reserve (Note 19)	Accumulated profits	Total
Balances as at February 29, 2016:				
As previously reported	111,411,290	34,480,236	291,433,628	437,325,154
Prior year adjustment (note 19)	-	(34,480,236)	10,344,072	(24,136,164)
Balances as at February 29, 2016, as restated	111,411,290	-	301,777,700	413,188,990
Total comprehensive income:				
Profit, being total comprehensive income for the year, as previously stated	-	-	172,737,422	172,737,422
Prior year adjustment (note 19)	-	-	3,448,024	3,448,024
Profit for the year, as restated	-	-	176,185,446	176,185,446
Transactions with owners:				
Dividend distribution (note 17)	-	-	(18,928,406)	(18,928,406)
Balances as at February 28, 2017, as restated	111,411,290	-	459,034,740	570,446,030
Total comprehensive income:				
Profit, being total comprehensive income for the year	-	-	89,759,188	89,759,188
Transactions with owners:				
Dividend distribution (note 17)	-	-	(22,714,087)	(22,714,087)
Balances as at February 28, 2018	111,411,290	-	526,079,841	637,491,131

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

CARIBBEAN CREAM LIMITED

Statement of Cash Flows
Year ended February 28, 2018
(Expressed in Jamaica dollar unless otherwise stated)

	Notes	2018	Restated* 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		89,759,188	176,185,446*
Adjustments for:			
Depreciation	3	53,940,302	45,067,649*
Interest expense	12	10,390,648	11,480,042
Interest income		(4,123,161)	(5,025,616)
Gain on disposal of property, plant and equipment		-	(1,400,943)
Operating profit before changes in working capital		149,966,977	226,306,578
Trade and other receivables		(13,155,139)	(5,657,763)
Inventories		68,512,198	(87,878,289)
Trade and other payables		9,837,240	47,678,496
Interest paid		(10,390,648)	(11,480,041)
Interest received		4,004,995	4,964,133
Net cash provided by operating activities		208,775,623	173,933,114
CASH FLOWS USED BY INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	(167,323,172)	(112,136,732)
Proceeds from sale of property, plant and equipment		-	4,416,867
Net cash used by investing activities		(167,323,172)	(107,719,865)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		(20,185,951)	(23,625,792)
Dividend distribution	17	(22,714,087)	(18,928,406)
Net cash used by financing activities		(42,900,038)	(42,554,198)
Net (decrease)/increase in cash and cash equivalents		(1,447,587)	23,659,051
Cash and cash equivalents at beginning of the year		176,182,137	152,523,086
Cash and cash equivalents at end of the year		174,734,550	176,182,137
Comprised of:			
Cash and bank balances	4	44,834,688	61,971,101
Fixed deposits	4	129,899,862	114,211,036
		174,734,550	176,182,137

* See note 19
The accompanying notes form an integral part of the financial statements.

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements
Year ended February 28, 2018
(Expressed in Jamaica dollar unless otherwise stated)

1. Identification

Caribbean Cream Limited (the company) which is incorporated and domiciled in Jamaica is a listed company on the Junior Market of the Jamaica Stock Exchange (JSE). The company's registered office is located at 3 South Road, Kingston 10, Jamaica.

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.

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.

2. Basis of preparation and significant accounting policies

(a) Statement of compliance:

The financial statements as at and for the year ended February 28, 2018 (the reporting date) are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

New and amended standards that became effective during the year

Certain new and amended standards that were in issue 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 and amended standards issued that are not yet effective

At the date of approval of the financial statements, there were certain new standards, 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 are as follows:

- The company is required to adopt IFRS 9, *Financial Instruments*, effective March 1, 2018. IFRS 9 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 through 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' (ECL) 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 and amended standards issued that are not yet effective (cont'd)

- IFRS 9 *Financial Instruments (cont'd)*

  Under IFRS 9, loss allowance will be measured on either of the following basis:

  – 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

  – Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of s financial instrument.

  Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and applies to the company's trade receivables.

  The estimated ECLs will be calculated based on actual credit loss experienced over the past five years and the calculated ECL rates will be done separately for corporate and individual customers.

  The company expects that the application of IFRS 9's impairment requirements will likely increase impairment losses. The company is in the process of estimating the initial impact on implementation of the standard.

- The company will be required to adopt IFRS 15, *Revenue From Contracts With Customers*, effective March 1, 2018. IFRS 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*. 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.

  Revenue from the sale of goods is currently recognised when the goods are delivered to the customers, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under the IFRS 15, revenue will be recognised when a customer has control of goods.

  Based on its assessment, the company does not expect the application of IFRS 15 to have a significant impact on its financial statements.

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

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

New and amended standards issued that are not yet effective (cont'd)

- The company will adopt IFRS 16, *Leases*, effective March 1, 2019. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. Entities will be required to bring all major leases on-balance sheet, recognising new assets and liabilities. The on-balance sheet liability will attract interest; the total lease expense will be higher in the early years of a lease even if a lease has fixed regular cash rentals. Optional lessee exemption will apply to short- term leases and for low-value items with value of US$5,000 or less.

  Lessor accounting remains similar to current practice as the lessor will continue to classify leases as finance and operating leases.

  Early adoption is permitted if IFRS 15, *Revenue from Contracts with Customers* is also adopted.

  The company does not expect the adopting of this standard to have a significant impact on its financial statements as it has no significant basis.

- Other standards

  The following amended standards and interpretations are not expected to have a significant impact on the company's financial statement:

  - *Annual Improvements to* IFRSs *2014-2016* cycle amendments to IFRS 1 and IAS 28, effective retrospectively for annual reporting periods beginning on or after January 2018.

  - IFRIC 23, *Uncertainty Over Income Tax Treatments*, is effective for annual reporting periods beginning on or after January 1, 2019.

  - IFRIC 22 foreign currency transactions and advance consideration is effective for annual reporting periods beginning on or after January 1, 2018.

(b) Basis of measurement and functional currency:

The financial statements are prepared on the historical cost basis and are presented in Jamaica dollars, which is the functional currency of the company.

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

(c) 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.

(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.

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

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

(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.

(d) Segment reporting:

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's activities are limited to the manufacture and sale of Ice Cream products to Jamaican consumers, operating in a single segment, therefore no additional segment information is provided.

(e) Property, plant and equipment:

(i) Items of property, plant and equipment are measured 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.

Certain classes of machinery and equipment were stated at their revalued amounts being the fair value at the date of revaluation, less accumulated depreciation and accumulated impairment losses. During the year, management, as directed by of the Board of Directors, conducted a review of the company's accounting policies and concluded that all items of property, plant and equipment should be measured at cost, as cost was considered to be a more reliable measurement based on the nature of the items.

The change has been applied retrospectively and relevant prior year financial statements amounts have been restated accordingly (see note 19).

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
Year ended February 28, 2018
(Expressed in Jamaica dollar unless otherwise stated)

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

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

(i) 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 improvements	10%
Motor vehicles	12.5%
Machinery and equipment	10%
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, bank balances and fixed deposits with maturity of three months or less from the date of placement. For the purpose of the statement of cash flows, bank overdraft, if any, 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 measured at amortised cost less impairment losses.

(h) Inventories:

Inventories are measured 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 measured at cost.

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

(j) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured 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.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as property, plant and equipment.

(k) Share capital:

Ordinary shares are classified as equity where there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issue of shares are shown in equity as a deduction from the proceeds of the share issue.

(l) 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.

(m) 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.

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

(n) 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" in this case the company).

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

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

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

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

(i) The entity and the company 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 company or an entity related to the company.

(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).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

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

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

(o) 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 recognised in profit or loss are treated as cash items and included in cash flows from operating or financing activities along with movement in the relevant balances.

(p) Impairment:

(i) Non-financial assets:

The carrying amounts of non-financial assets are reviewed at each reporting date for indicators of impairment. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash inflows independent of other assets, in which case, the review is undertaken at the cash generating unit level. A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts.

An asset's recoverable amount is determined as the higher of its fair value less costs to sell and its value in use (being the net present value of expected future cash flows of the relevant cash-generating unit). The best evidence of fair value is the value obtained from an active market or from a binding sale agreement. Where neither exists, fair value is based on the best information available to reflect the amount the company could receive for the cash generating unit in an arm's-length transaction. This is often estimated using discounted cash flow techniques. In cases where fair value less costs to sell cannot be estimated, value in use is utilized as the basis to determine the recoverable amount.

In assessing the value in use, the relevant future cash flows expected to arise from the continuing use of the assets and from their disposal are discounted to their present value using a market-determined pre-tax discount rate, which reflects current market assessments of the time value of money and asset-specific risks for which the cash flow estimates have not been adjusted.

If the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, an impairment loss is recorded in profit or loss to reflect the assets at the lower amount.

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

(p) Impairment (cont'd):

(ii) Financial assets:

Financial assets that are measured at amortized cost are assessed for impairment at the end of each reporting period. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and the event has a negative impact on the estimated cash flows of the financial asset and the loss can be reliably estimated.

The amount of the impairment loss recognized is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial asset other than the accounts receivable decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial instrument at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. Property, plant and equipment

	Freehold land & buildings	Leasehold improvements	Motor vehicles	Machinery and equipment	Computer equipment	Construction in progress	Security systems	Total
Cost:								
February 29, 2016	111,638,889	7,749,460	16,340,943	335,326,790	12,801,761	7,657,466	1,992,904	493,508,213*
Additions	1,689,156	226,248	-	15,627,539	1,068,670	93,525,119	-	112,136,732
Disposals	-	-	(9,509,130)	-	-	-	-	(9,509,130)
February 28, 2017	113,328,045	7,975,708	6,831,813	350,954,329	13,870,431	101,182,585	1,992,904	596,135,815
Additions	3,742,241	5,124,131	-	50,730,515	1,202,316	106,465,919	58,050	167,323,172
Transfers	-	696,198	-	9,521,158	209,660	(10,427,016)	-	-
Disposals	-	-	(3,681,813)	-	-	-	-	(3,681,813)
February 28, 2018	117,070,286	13,796,037	3,150,000	411,206,002	15,282,407	197,221,488	2,050,954	759,777,174
Depreciation:								
February 29, 2016	27,595,604	2,917,656	11,481,560	103,845,224	9,638,184	-	838,490	156,316,718
Charge for the year	4,825,367	797,571	841,726	36,292,727	2,142,513	-	167,745	45,067,649*
Eliminated on disposals	-	-	(6,493,206)	-	-	-	-	(6,493,206)
February 28, 2017	32,420,971	3,715,227	5,830,080	140,137,951	11,780,697	-	1,006,235	194,891,161
Charge for the year	5,012,479	1,379,603	393,750	45,659,945	1,320,975	-	173,550	53,940,302
Eliminated on disposals	-	-	(3,681,813)	-	-	-	-	(3,681,813)
February 28, 2018	37,433,450	5,094,830	2,542,017	185,797,896	13,101,672	-	1,179,785	245,149,650
Net Book Values:								
February 28, 2018	79,636,836	8,701,207	607,983	225,408,106	2,180,735	197,221,488	871,169	514,627,524
February 28, 2017	80,907,074	4,260,481	1,001,733	210,816,378	2,089,734	101,182,585	986,669	401,244,654*
February 29, 2016	84,043,285	4,831,804	4,859,383	231,481,566	3,163,577	7,657,466	1,154,414	337,191,495*

Freehold land and buildings include land at cost of $17,800,000 (2017: $17,800,000).
Certain assets of the company are pledged as securities for bank overdraft and other loans (see note 8).

*Restated see note 19.

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
Year ended February 28, 2018
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4. Cash and cash equivalents

	2018	2017
Bank balances	44,685,340	61,855,101
Cash in hand	149,348	116,000
	44,834,688	61,971,101
Fixed deposits	129,899,862	114,211,036
	174,734,550	176,182,137

5. Trade and other receivables

	2018	2017
Trade receivables (a)	41,507,380	37,315,286
Less provision for impairment losses	(597,951)	(597,951)
	40,909,429	36,717,335
Prepayments and deposits	20,814,057	14,993,086
Other receivables	4,232,921	972,681
	65,956,407	52,683,102

Included in trade and other receivables is $10,489,028 (2017: $5,483,815) due from a related party in the ordinary course of business (see note 13).

(a) The aging of trade receivables at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 30 days	32,921,102	-	35,843,446	-
Past due 60 days	4,652,116	-	609,655	-
Past due 90 days	122,469	-	411,066	146,832
Over 90 days	3,811,693	597,951	451,119	451,119
	41,507,380	597,951	37,315,286	597,951

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
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5. Trade and other receivables (cont'd)

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

	2018	2017
Balance at beginning of year	597,951	813,690
Amount written off, net of recoveries	-	(215,739)
	597,951	597,951

6. Inventories

	2018	2017
Raw materials	46,258,594	111,674,126
Finished goods	27,473,086	19,050,102
Goods in transit	18,977,442	30,497,092
	92,709,122	161,221,320

7. Trade and other payables

	2018	2017
Trade payables	24,031,721	79,680,254
Other payables	104,860,219	39,374,446
	128,891,940	119,054,700

Other payables include $523,150 (2017: $105,607) payable to a director for vacation leave and Nil (2017: $82,677) due to a related company (see note 13).

8. Long-term loans

	2018	2017
The following loans are with the Bank of Nova Scotia Jamaica Limited:		
(i) Term loan– cold room construction	43,155,551	58,622,219
(ii) Term loan – equipment	-	1,870,000
(iii) Mortgage loans – Suthermere Road and South Road	38,488,981	41,338,264
	81,644,532	101,830,483
Less current portion	(18,541,270)	(20,185,504)
	63,103,262	81,644,979

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
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8. Long-term loans (cont'd)

(i) This loan is repayable in monthly installments by October 2021 with fixed interest rate of 9.5% per annum.

(ii) This loan was repayable in monthly installments by 2017 with interest rates ranging from 8.95 to 9.95% per annum and was repaid during the year.

(iii) The mortgage loan is repayable in monthly installments by 2027 with interest rate at 15.75% per annum.

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.

9. Share capital

	2018	2017
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

10. Gross operating revenue

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

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
Year ended February 28, 2018
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11. Expenses by nature

	2018	Restated* 2017
Cost of operating revenue:		
Depreciation	39,837,029	32,856,071
Other costs of operating revenue	87,005,382	64,970,271
Raw materials and consumables	623,460,900	488,863,604
Repairs and maintenance	41,656,015	38,519,819
Staff costs (note 16)	84,660,258	67,319,453
Utilities	76,334,412	59,183,124
	952,953,996	751,712,342

	2018	2017
Administrative:		
Audit fees	1,705,000	1,550,000
Cleaning and sanitation	28,957,458	23,288,568
Depreciation	14,103,273	12,211,578
Directors' emoluments		
- Fees	2,580,160	1,770,085
- Management remuneration	11,253,342	9,418,980
Other administrative expenses	26,303,300	22,034,035
Repairs and maintenance	18,048,008	9,476,068
Security	18,460,951	18,355,896
Staff costs (note 16)	131,998,177	118,120,506
Utilities	21,621,616	15,563,553
	275,031,285	231,789,269

	2018	2017
Selling and distribution:		
Advertising and promotion	12,610,470	16,963,127
Licenses and permits	469,710	342,980
Motor vehicle expenses	5,372,023	9,837,815
Subsistence allowance	-	396,320
Travelling and entertainment	2,541,263	279,010
Transportation and delivery	25,649,975	19,957,851
	46,643,441	47,777,103
Total administrative and selling and distribution expenses	321,674,726	279,566,372

*See note 19

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
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12. Finance costs, net

	2018	2017
Bank and other charges	5,398,370	3,246,271
Interest expense	10,390,648	11,480,042
Net foreign exchange gain	(526,613)	(1,316,668)
	15,262,405	13,409,645

13. 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:

		2018	2017
(i)	Due to related party, Scoops Unlimited Limited (note 7)	-	82,677
(ii)	Due to director (note 7)	523,150	105,607
(iii)	Due from related party, Scoops Unlimited Limited (note 5)	10,489,028	5,483,815
(iv)	Staff loan, net	319,096	157,681
(v)	Sale of ice cream	132,166,160	77,123,475

14. Earnings per share

Earnings per share is computed by dividing the profit for the year by the number of shares of 378,568,115 (2017: 378,568,115) in issue for the year.

15. Taxation

(a) Reconciliation of actual tax charge:

	2018	Restated* 2017
Profit before taxation	89,759,188	176,185,446
Computed 'expected' tax at 25% (2017: 25%)	22,439,797	44,046,362
Difference between profit for financial statements and tax reporting purposes on:		
Expenses not deductible for tax purposes	5,887,115	4,617,391
Remission of income taxes [note (b)]	(28,326,912)	(48,663,753)
Actual tax charge	-	-

(b) 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.

15. Taxation (cont'd)

(b) (Cont'd)

(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.

16. Staff costs

	2018	2017
Employer's statutory contributions	17,623,163	14,551,396
Salaries, wages and other staff benefits	199,035,272	170,888,563
	216,658,435	185,439,959
Included in profit or loss as follows:		
Administration	131,998,177	118,120,506
Direct labour	84,660,258	67,319,453
	216,658,435	185,439,959

17. Dividends

During the year, dividends of $0.06 (2017: $0.05) per share were declared and paid to the shareholders.

18. 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.

18. Financial risk management (cont'd)

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.

(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 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 and the customer's ability to pay.

(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.

18. Financial risk management (cont'd)

(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 its 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.

	2018				
	Carrying amount	Contractual cash flows	Less than 1 year	2 to 5 years	over 5 years
Loans	81,644,532	94,374,924	25,623,773	68,749,151	-
Trade and other payables	128,891,940	128,891,940	128,891,940	-	-
	210,536,472	223,266,864	154,515,713	68,749,151	-

	2017				
	Carrying amount	Contractual cash flows	Less than 1 year	2 to 5 years	over 5 years
Loans	101,830,483	119,730,104	29,511,507	90,218,597	-
Trade and other payables	119,054,700	119,054,700	119,054,700	-	-
	220,885,183	238,784,804	148,566,207	90,218,597	-

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 or cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
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18. Financial risk management (cont'd)

(c) Market risk (cont'd):

(i) Currency risk (cont'd):

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

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.

Exposure to currency risk:

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

	2018			2017		
	J$ Equivalent	US$	CDN$	J$ Equivalent	US$	CDN$
Financial assets	46,562,974	285,716	103,010	83,132,617	486,366	216,536
Financial liabilities	(8,181,574)	(216,764)	(63,842)	(37,406,978)	(22,925)	(352,465)
Net assets/(liabilities)	38,381,400	68,952	39,168	45,725,639	463,441	(135,929)

Exchange rates in terms of the Jamaica dollar as at the reporting date were US$1: J$126.14 (2017: US$1: J$127.82) and CDN$1: J$97.19 (2017: CDN$1: J$96.82).

Sensitivity analysis:

A 4% (2017: 6%) weakening of the US$ and CDN$ against the J$ would increase profit for the year by $1,535,256 (2017: $2,764,543).

A 2% (2017: 1%) strengthening of the US$ and CDN$ against the J$ would decrease profit for the year by $767,628 (2017: $460,757).

The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is done on the same basis as for 2017.

(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.

18. Financial risk management (cont'd)

(c) Market risk (cont'd):

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

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	
	2018	2017
Fixed rate:		
Financial assets	151,403,972	171,596,837
Financial liabilities	(81,644,532)	(101,830,483)
	69,759,440	69,766,354

Fair value sensitivity analysis for financial 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 financial instruments:

The company does not have any significant cash flow exposure to changes in rates because the majority of the loans and cash and cash equivalents 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 15(b).

(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, and trade and other payables are assumed to approximate fair value due to their relatively short-term nature.

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

CARIBBEAN CREAM LIMITED

Notes to the Financial Statements (Continued)
Year ended February 28, 2018
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19. Prior year adjustment

As indicated in note 2(e)(i), the company changed its accounting policy from the revaluation method to the cost method for certain classes of machinery and equipment included in property, plant and equipment. The change in accounting policy was applied retrospectively. The effects of the adjustments are detailed below:

(a) Effects on the statement of financial position:

		Impact of change in accounting policy	
	As previously reported	Adjustments	As restated
February 28, 2016			
Property, plant and equipment	361,327,659	(24,136,164)	337,191,495
Current assets	272,829,973	-	272,829,973
Current liabilities	(94,590,431)	-	(94,590,431)
	539,567,201	(24,136,164)	515,431,037
Non-current liability	(102,242,047)	-	(102,242,047)
Accumulated profits	(291,433,628)	(10,344,072)	(301,777,700)
Revaluation reserve	(34,480,236)	34,480,236	-
Share capital	(111,411,290)	-	(111,411,290)
	(539,567,201)	24,136,164	(515,431,037)
February 28, 2017			
Property, plant and equipment	421,932,794	(20,688,140)	401,244,654
Current assets	390,086,559	-	390,086,559
Current liabilities	(139,240,204)	-	(139,240,204)
	672,779,149	(20,688,140)	652,091,009
Non-current liability	(81,644,979)	-	(81,644,979)
Accumulated profits	(445,242,644)	(13,792,096)	(459,034,740)
Revaluation reserve	(34,480,236)	34,480,236	-
Share capital	(111,411,290)	-	(111,411,290)
	(672,779,149)	20,688,140	(652,091,009)

(b) Effects on the statement of profit or loss and other comprehensive income:

	As previously reported	Adjustments	As restated
February 28, 2017			
Gross operating revenue	1,213,548,844	-	1,213,548,844
Cost of operating revenue	(755,160,366)	3,448,024	(751,712,342)
Administrative, selling and distribution expenses	(279,566,372)	-	(279,566,372)
Others	(6,084,684)	-	(6,084,684)
Total comprehensive income for the year	172,737,422	3,448,024	176,185,446

(c) Effect on statement of cash flow for the year ended February 28, 2017:

There was no effect on the statement of cash flows for the year, except for the restatement of profit for the year and depreciation charge.