



**Caribbean Cream Ltd. (KREMI)  
Third Quarter Unaudited Financial Results**

*For the Nine Months ended  
November 30, 2018*



## Caribbean Cream Ltd.

### UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2018

The Board of Directors at Caribbean Cream Limited, is pleased to present the unaudited financial results for the nine months ended November 30, 2018.

#### Financial highlights for the 9 months

- 🚩 Revenue of \$1,148 million, an increase of 16%.
- 🚩 Gross Profit of \$390 million, an increase of 28%.
- 🚩 Net Profit of \$96 million, an increase of 35%.
- 🚩 Earnings per stock unit of \$0.25.

#### Income Statement Overview

	9 months ended November 30				3 months ended November 30			
	Yr 2018 \$'000	Yr 2017 \$'000	\$ Change	% Change	Yr 2018 \$'000	Yr 2017 \$'000	\$ Change	% Change
Revenue	1,147,739	992,243	155,495	16%	348,235	318,981	29,254	9%
Cost of oper revenue	757,421	686,801	70,619	10%	241,903	233,662	8,240	4%
Gross Profit	390,319	305,442	84,877	28%	106,332	85,319	21,012	25%
Net Profit	96,015	71,147	24,868	35%	1,736	653	1,083	166%

Revenue for the nine months was \$1,148 million, an increase of 16% or \$155 million over the same period last year. For the quarter, revenue was \$348 million, increasing by 9% or \$29 million above the same period last year. The quarter's increase is as a result of improved product availability and a price increase.

Cost of operating revenue for the nine months was \$757 million, an increase over last year of 10% or \$71 million. The quarter was \$242 million, an increase of 4% or \$8 million over the period mainly due to higher production costs.

Gross profit realized for the nine months was \$390 million, an increase of 28% or \$85 million; the quarter was \$106 million, an increase of 25% or \$21 million.

Net Profit for the nine months was \$96 million, an increase of 35% or \$25 million above the same period last year. The quarter was \$2 million, an increase of \$1 million above the same quarter last year.

Operating expenses and finance cost for the nine months were \$298 million and represent an increase of \$59 million or 25% above last year. The quarter was \$106 million and shows an increase of \$20 million

or 23% in comparison to the same quarter last year. Increased costs for the quarter resulted mainly from (1) Rental of property to facilitate the expansion of refrigeration facilities and additional storage and the (2) Upgrade of the depots.

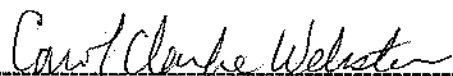
Within the quarter, the Company invested in a retirement scheme for the long-term benefit of its employees.

In line with the Company's commitment to its Corporate Social Responsibility, we signed an agreement with the Early Childhood Commission where an initial contribution of \$1.5m was made in support of child development in Jamaica.

**Statement of Financial Position overview**

Total assets less current liabilities were \$877 million, an increase of \$176 million or 2% above last year. The Company's cash position remains liquid as it continues along its capital investment programme with the addition of \$181 million for property, plant and equipment.

Caribbean Cream Ltd. expresses its sincere gratitude and acknowledges the part our stakeholders have played on the journey to our achievements. Our employees, customers, suppliers, shareholders and well-wishers have contributed continually to our growth and we are extremely grateful to you all.



**Carol Clarke Webster**                      **Chairman**



**Christopher Clarke**                      **CEO/Director**

# Caribbean Cream Ltd.

## UNAUDITED INCOME STATEMENT Nine months ended November 30, 2018.

	Unaudited 9 months ended Nov-18 S	Unaudited 9 months ended Nov-17 S	Unaudited 3 months ended Nov-18 S	Unaudited 3 months ended Nov-17 S	Audited year ended Feb-18 S
Gross operating revenue	1,147,739,379	992,243,128	348,234,666	318,981,098	1,373,279,233
Cost of operating revenue	(757,420,640)	(686,801,027)	(241,902,804)	(233,661,699)	(952,953,996)
Gross Profit	390,318,739	305,442,101	106,331,862	85,319,398	420,325,237
Other income	1,750,150	1,694,921	592,350	554,446	2,247,921
	<u>392,068,889</u>	<u>307,137,023</u>	<u>106,924,212</u>	<u>85,873,845</u>	<u>422,573,158</u>
<b>Administrative, selling &amp; distribution expenses</b>					
Administrative	(242,712,598)	(193,337,577)	(83,961,923)	(67,909,934)	(275,031,285)
Selling and distribution	(41,483,387)	(33,680,824)	(14,003,355)	(12,263,825)	(46,643,441)
	<u>(284,195,985)</u>	<u>(227,018,400)</u>	<u>(97,965,278)</u>	<u>(80,173,759)</u>	<u>(321,674,726)</u>
Operating profit before finance costs	107,872,904	80,118,622	8,958,934	5,700,086	100,898,432
Interest Income	1,987,978	3,291,734	485,053	951,987	4,123,161
Finance costs	(13,846,109)	(12,263,768)	(7,707,640)	(5,999,469)	(15,262,405)
Profit, being total comprehensive for the year	<u>96,014,772</u>	<u>71,146,589</u>	<u>1,736,347</u>	<u>652,605</u>	<u>89,759,188</u>
Earnings per stock unit	<u>\$0.25</u>	<u>\$0.19</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.24</u>

# Caribbean Cream Ltd.

## UNAUDITED STATEMENT of FINANCIAL POSITION November 30, 2018

	Unaudited Nov-18 \$	Unaudited Nov-17 \$	Audited Feb-18 \$
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	658,950,732	486,728,684	514,627,524
<b>CURRENT ASSETS</b>			
Inventories	116,389,746	96,093,704	92,709,122
Directors' current account	-	77,191	-
Trade and other receivables	54,743,834	54,079,430	65,956,407
Cash and cash equivalents	149,788,059	144,880,893	174,734,550
<b>Total current assets</b>	<b>320,921,639</b>	<b>295,131,219</b>	<b>333,400,079</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	96,998,558	76,717,804	128,891,940
Current portion of long-term loans	6,261,620	4,527,448	18,541,270
<b>Total current liabilities</b>	<b>103,260,178</b>	<b>81,245,252</b>	<b>147,433,210</b>
<b>Net current assets</b>	<b>217,661,462</b>	<b>213,885,966</b>	<b>185,966,869</b>
<b>Total assets less current liabilities</b>	<b>876,612,194</b>	<b>700,614,650</b>	<b>700,594,393</b>
<b>NON-CURRENT LIABILITY</b>			
Long term loans	161,277,561	81,736,118	63,103,262
<b>Total non-current liability</b>	<b>161,277,561</b>	<b>81,736,118</b>	<b>63,103,262</b>
<b>EQUITY</b>			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	603,923,343	507,467,242	526,079,841
<b>Total equity</b>	<b>715,334,633</b>	<b>618,878,532</b>	<b>637,491,131</b>
<b>Total non-current liability and equity</b>	<b>876,612,194</b>	<b>700,614,650</b>	<b>700,594,393</b>

  
 Carol Clarke Webster Chairman

  
 Christopher Clarke CEO/Director

# Caribbean Cream Ltd.

## UNAUDITED STATEMENT of CHANGES in EQUITY Nine months ended November 30, 2018

	Share Capital	Revaluation reserves	Retained earnings	Total
	\$	\$	\$	\$
Balances as at February 28, 2017				
As previously reported	111,411,290	34,480,236	445,242,644	591,134,170
Prior year adjustment	-	(34,480,236)	13,792,096	(20,688,140)
Balances as at February 28, 2017 restated	111,411,290	-	459,034,740	570,446,030
Total Comprehensive income:				
Profit, being total comprehensive income for the year	-	-	71,146,589	71,146,589
Transactions with owners:				
Dividend distribution			(22,714,087)	(22,714,087)
Balances as at November 30, 2017 restated	111,411,290	-	507,467,242	618,878,532
Balances as at February 28, 2018	111,411,290	-	526,079,841	637,491,131
Total Comprehensive income:				
Profit, being total comprehensive income for the year	-	-	96,014,772	96,014,772
Transactions with owners:				
Dividend distribution			(18,171,270)	(18,171,270)
Balances as at November 30, 2018	111,411,290	-	603,923,343	715,334,633



# Caribbean Cream Ltd.

## UNAUDITED STATEMENT of CASH FLOW Nine months ended November 30, 2018

	Unaudited 9 months ended Nov-18 \$	Unaudited 9 months ended Nov-17 \$	Audited year ended Feb-18 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year	96,014,772	71,146,589	89,759,188
Adjustments for:			
Depreciation	37,015,051	39,234,395	53,940,302
Interest expense	8,708,782	8,283,567	10,390,648
Interest income	(1,987,978)	(3,291,734)	(4,123,161)
Operating profit before changes in working capital	139,750,627	115,372,815	149,966,977
Trade and other receivables	11,494,130	(1,264,657)	(13,155,139)
Inventories	(23,680,624)	65,127,616	68,512,198
Trade and other payables	(31,893,382)	(42,336,895)	9,837,240
Interest paid	(8,708,782)	(8,283,567)	(10,390,648)
Interest received	1,706,420	3,160,063	4,004,995
Net cash provided by operating activities	88,668,390	131,775,376	208,775,623
<b>CASHFLOWS USED BY INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(181,338,259)	(124,718,424)	(167,323,172)
Net cash used by investing activities	(181,338,259)	(124,718,424)	(167,323,172)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Dividend distribution	(18,171,270)	(22,714,087)	(22,714,087)
Repayment of bank loans	(14,105,352)	(15,566,917)	(20,185,951)
Proceeds from bank loans	100,000,000	-	-
Directors' current account	-	(77,191)	-
Net cash used by financing activities	67,723,379	(38,358,195)	(42,900,038)
Net increase/(decrease) in cash resources	(24,946,491)	(31,301,243)	(1,447,587)
Cash and cash equivalents at beginning of year	174,734,550	176,182,137	176,182,137
<b>CASH and CASH EQUIVALENTS at end of YEAR</b>	<b>149,788,059</b>	<b>144,880,893</b>	<b>174,734,550</b>
Comprised of:			
Cash and bank balances	39,010,655	28,639,307	44,834,688
Fixed deposits	110,777,404	116,241,586	129,899,862
	<b>149,788,059</b>	<b>144,880,893</b>	<b>174,734,550</b>

# Caribbean Cream Ltd.

## Notes to the Unaudited Financial Statements Nine months ended November 30, 2018

### Identification and Principal Activities

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.

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

### Basis of preparation

#### **Statement of compliance:**

These unaudited financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board, and comply with the relevant provisions of the Jamaican Companies Act. The accounting policies used in the preparation of these unaudited interim financial statements are consistent with those used in the audited financial statements for the year ended 28 February 2018.

#### **Basis of measurement and functional currency:**

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

#### **Prior year adjustment:**

*During the previous financial year, 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.*



# **Caribbean Cream Ltd.**

**Notes to the Unaudited Financial Statements cont'd**  
**Nine months ended November 30, 2018**

## **Significant accounting policies**

### **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.

### **Taxation**

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.

# **Caribbean Cream Ltd.**

**Notes to the Unaudited Financial Statements cont'd**  
**Nine months ended November 30, 2018**

## **Significant accounting policies cont'd**

### **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.

### **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.

# Caribbean Cream Ltd.

## LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT NOVEMBER 30, 2018

Shareholder	Units
1. Scoops Un-Limited Limited	122,535,449
2. Matthew G. Clarke	60,055,425
3. Carol Webster/Christopher Clarke	58,521,764
4. Christopher A. Clarke	35,133,399
5. Resource In Motion Limited	32,479,583
6. Mayberry Jamaican Equities Limited	8,542,054
7. Everton J. Smith	8,500,000
8. JI Limited	5,000,000
9. Mayberry Inv. Ltd. Retirement Scheme	2,331,436
10. Mayberry Investment Ltd. Pension Scheme	2,114,077

## Caribbean Cream Ltd.

### SHAREHOLDINGS OF DIRECTORS, OFFICERS AND CONNECTED PARTIES AS AT NOVEMBER 30, 2018

Director	Shareholdings	Connected Parties	Shareholdings
Carol Webster	58,521,764	Christopher Clarke Scoops Un-Limited Limited	122,535,449
Matthew G. Clarke	60,055,425	Scoops Un-Limited Limited	122,535,449
Christopher A. Clarke Christopher A. Clarke	30,133,399 5,000,000	Kamoy S. Clarke (joint holder) Scoops Un-Limited Limited	122,535,449
Mark McKenzie	1,287,558	---	
Wayne Wray	200,000 1,043,249 6,835	Christine Randle Craig A. Singh	
Michael Vacciana	0		
Denise Douglas	2,895	Ryan McCalla	

### SHAREHOLDINGS OF SENIOR MANAGERS AND CONNECTED PARTIES AS AT NOVEMBER 30, 2018

Senior Manager	Shareholdings	Connected Parties	Shareholdings
David Radlein	100,000	Catherine Radlein	
Karen Williams	80,855	Vyris Williams	
Dean Alvery Clarke	200,000	---	
Fay M. Williams	148,000	---	