



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

*For the Three Months ended  
May 31, 2019*



## **Caribbean Cream Ltd.**

### ***UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MAY 31, 2019***

The Board of Directors at Caribbean Cream Limited, presents the unaudited financial results for the three months ended May 31, 2019.

#### **Financial performance for the 3 months**

- 🍷 Revenue of \$417.6 million
- 🍷 Gross Profit of 135.6 million
- 🍷 Net Profit before tax of \$24 million
- 🍷 Earnings per stock unit of \$0.05.

Revenue for the quarter was \$418 million, an increase of 1% or \$6 million over the same period last year. Sales were impacted due to a 2 weeks factory closure during this quarter to undertake modifications & repairs to enable us to gain HACCP Certification.

Cost of operating revenue for the quarter was \$282.6 million, an increase over last year of 7% or \$17 million due to general local price increases. Gross profit realized was \$135.6 million.

Net Profit before tax for the quarter was \$24 million, a decrease of 57% or \$32m million compared to the same period last year. Administrative costs were \$92 million, an increase of \$16 million or 21%. This is primarily due to increased costs in utilities, rental and repairs & maintenance of the depots. Taxation for the quarter is \$2.9 million resulting in a Net Profit after tax of \$20.6 million.

Total assets less current liabilities were \$868 million, an increase of \$ 42 million or 5% above last year.

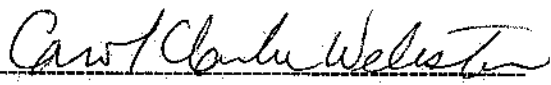
#### **Achievements for the quarter**


In March of 2019, we “rolled out” our full Novelty Line of “Five Fantastic Frosty Flavour of Icicles” Island wide which consisted of the following flavours: Watermelon, Grape, Kola Champagne Sour Cherry & Green Apple. The launch was supported by the full range of media & promotional activities which included, TV, Radio, Press, Outdoor and social Media campaigns, together with “on the ground” sampling & promotional campaigns, all featuring our lovable new Mascot “Mee.”

The new May Pen Depot opened its doors the 12th of April 2019, to serve May Pen and the surrounding communities. Both existing and new customers have given us very positive feedback noting the following in particular: Pricing, Product Availability, Ease of Access & Spacious Grounds

As we continue to advance in the communities, 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.

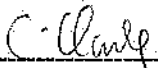
  
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**Carol Clarke Webster**                      **Chairman**

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

**Caribbean Cream Ltd.**  
**UNAUDITED STATEMENT of FINANCIAL POSITION**  
**May 31, 2019**

	Unaudited May-19 \$	Unaudited May-18 \$	Audited Feb-19 \$
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	708,786,806	605,370,300	705,454,071
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	78,197,598	183,105,287	129,994,894
Trade and other receivables	68,477,707	61,640,874	66,572,017
Inventories	192,102,713	114,469,674	140,444,004
<b>Total current assets</b>	<b>338,778,018</b>	<b>359,215,836</b>	<b>337,010,914</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	148,270,801	124,707,837	157,900,769
Taxation payable	7,764,293	-	7,065,430
Current portion of long-term loans	23,968,490	13,934,954	30,558,631
<b>Total current liabilities</b>	<b>180,003,585</b>	<b>138,642,790</b>	<b>195,524,830</b>
<b>Net current assets</b>	<b>158,774,433</b>	<b>220,573,046</b>	<b>141,486,085</b>
<b>Total assets less current liabilities</b>	<b>867,561,239</b>	<b>825,943,346</b>	<b>846,940,156</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	132,202,485	133,082,247	132,202,485
Deferred tax liability	6,905,339	-	6,905,339
<b>Total non-current liabilities</b>	<b>139,107,824</b>	<b>133,082,247</b>	<b>139,107,824</b>
<b>EQUITY</b>			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	617,042,125	581,449,809	596,421,042
<b>Total equity</b>	<b>728,453,415</b>	<b>692,861,099</b>	<b>707,832,332</b>
<b>Total non-current liabilities and equity</b>	<b>867,561,239</b>	<b>825,943,346</b>	<b>846,940,156</b>

  
 Carol Clarke Webster Chairman

  
 Christopher Clarke CEO/Director

**Caribbean Cream Ltd.**  
**UNAUDITED INCOME STATEMENT**  
**Three months ended May 31, 2019**

	Unaudited year ended May-19 \$	Unaudited year ended May-18 \$	Audited year ended Feb-19 \$
Gross operating revenue	417,666,308	411,747,104	1,552,904,985
Cost of operating revenue	(282,642,976)	(265,152,474)	(1,033,365,779)
<b>Gross Profit</b>	<b>135,023,332</b>	<b>146,594,630</b>	<b>519,539,206</b>
Other income	592,350	565,450	2,342,500
	<u>135,615,682</u>	<u>147,160,080</u>	<u>521,881,706</u>
<b>Administrative, selling &amp; distribution expenses:</b>			
Administrative	(91,720,837)	(75,895,866)	(345,947,271)
Selling and distribution	(14,877,912)	(13,223,815)	(57,920,480)
	<u>(106,598,749)</u>	<u>(89,119,681)</u>	<u>(403,867,751)</u>
<b>Operating profit before finance costs</b>	<b>29,016,933</b>	<b>58,040,399</b>	<b>118,013,955</b>
Finance income - interest	609,758	711,475	2,519,981
Finance costs, net	(6,059,739)	(3,381,906)	(17,887,927)
<b>Profit before taxation</b>	<b>23,566,952</b>	<b>55,369,968</b>	<b>102,646,009</b>
Taxation	(2,945,869)	-	(13,970,769)
<b>Profit, being total comprehensive income for the year</b>	<b><u>20,621,083</u></b>	<b><u>55,369,968</u></b>	<b><u>88,675,240</u></b>
<b>Earnings per stock unit</b>	<b><u>\$0.05</u></b>	<b><u>\$0.15</u></b>	<b><u>\$0.23</u></b>

**Caribbean Cream Ltd.**  
**UNAUDITED STATEMENT of CHANGES in EQUITY**  
**Three months ended May 31, 2019**

	Share Capital	Retained earnings	Total
	\$	\$	\$
Balances at February 28, 2018	111,411,290	526,079,841	637,491,131
Total Comprehensive income:			
Profit, being total comprehensive income for the year	-	55,369,968	55,369,968
<b>Balances as at May 31, 2018</b>	<b>111,411,290</b>	<b>581,449,809</b>	<b>692,861,099</b>
Balances as at February 28, 2019	111,411,290	596,421,042	707,832,332
Total Comprehensive income:			
Profit, being total comprehensive income for the year	-	20,621,083	20,621,083
<b>Balances as at May 31, 2019</b>	<b>111,411,290</b>	<b>617,042,125</b>	<b>728,453,415</b>

**Caribbean Cream Ltd.**  
**UNAUDITED STATEMENT of CASH FLOW**  
**Three months ended May 31, 2019**

	Unaudited year ended May-19 \$	Unaudited year ended May-18 \$	Audited year ended Feb-19 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Net profit for the year	20,621,083	55,369,968	88,675,240
Adjustments for:			
Depreciation	13,482,271	10,234,569	52,998,264
Deferred tax		-	6,905,339
Interest expense	3,791,704	2,246,638	11,952,960
Interest income	(609,758)	(711,475)	(2,519,981)
Taxation	2,945,869	-	7,065,430
Operating profit before changes in working capital	40,231,168	67,139,699	165,077,252
Trade and other receivables	(1,905,690)	4,602,408	(720,665)
Inventories	(51,658,710)	(21,760,552)	(47,734,882)
Trade and other payables	(9,629,967)	(4,184,103)	29,008,829
Taxation paid	(2,247,006)	-	
Interest paid	(3,791,704)	(2,246,638)	(11,952,960)
Interest received	609,758	424,600	2,462,267
Net cash (used)/provided by operating activities	<u>(28,392,150)</u>	<u>43,975,414</u>	<u>136,139,841</u>
<b>CASHFLOWS USED BY INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	(16,815,005)	(100,977,346)	(243,824,811)
Net cash used by investing activities	<u>(16,815,005)</u>	<u>(100,977,346)</u>	<u>(243,824,811)</u>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from bank loans		70,000,000	100,000,000
Repayment of bank loans	(6,590,141)	(4,627,331)	(18,883,416)
Dividend distribution		-	(18,171,270)
Net cash (used)/provided by financing activities	<u>(6,590,141)</u>	<u>65,372,669</u>	<u>62,945,314</u>
Net decrease/increase in cash and cash equivalents	(51,797,296)	8,370,737	(44,739,656)
Cash and cash equivalents at beginning of year	129,994,894	174,734,550	174,734,550
CASH and CASH EQUIVALENTS at end of the year	<u>78,197,598</u>	<u>183,105,287</u>	<u>129,994,894</u>

# **Caribbean Cream Ltd.**

## **Notes to the Unaudited Financial Statements Three months ended May 31, 2019**

### **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 2019.



# Caribbean Cream Ltd.

## Notes to the Unaudited Financial Statements Three months ended May 31, 2019

### Basis of preparation cont'd

### Significant accounting policies

#### Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15 (applicable from March 1, 2018).
Sale of Ice cream products	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognized at that point in time.	Revenue is recognised when the goods are delivered and have been accepted by the customers.

#### 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%

At the reporting date, the unaudited financial statements have been prepared on the basis that the company will have the benefit of tax remissions of 50%.

# **Caribbean Cream Ltd.**

**Notes to the Unaudited Financial Statements cont'd**  
**Three months ended May 31, 2019**

## **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.

### **Trade and other receivables**

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

### **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.

### **Trade and other payables**

Trade and other payables are measured at amortized cost.

### **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.

# **Caribbean Cream Ltd.**

**Notes to the Unaudited Financial Statements cont'd**  
**Three months ended May 31, 2019**

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

### **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.

### **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 MAY 31, 2019

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	8,350,000
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 MAY 31, 2019

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	30,133,399	Kamoy S. Clarke (joint holder) Scoops Un-Limited Limited	122,535,449
Christopher A. Clarke	5,000,000		
Mark McKenzie	1,487,558	---	
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 MAY 31, 2019

Senior Manager	Shareholdings	Connected Parties	Shareholdings
David Radlein	100,000	Catherine Radlein	
Karen Williams	80,855	Vyris Williams	
Dean Avery Clarke	200,000	---	
Fay M. Williams	148,690	---	