



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

*For the Six Months ended
August 31, 2019*



Caribbean Cream Ltd.

UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED AUGUST 31, 2019

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

Financial performance for the 6 months

- ✚ Revenue of \$840 million
- ✚ Gross Profit of 268.5 million
- ✚ Net Profit before tax of \$60 million
- ✚ Earnings per stock unit of \$0.09.

Operating review

The Company's revenue for the half year was \$840 million an increase of 5% or \$40 million above the same period for last year. The quarter's revenue was \$422 million which increased by 9% or \$34 million versus a similar period last year.

Cost of operating revenue for the half year was \$571 million which increased by 11% or \$55.9 million over the same period last year. The quarter's cost was \$288.8 million which increased by 15% or \$38 million when compared to the same period last year. The Company continues to experience price increases in its' local purchases along with increased costs in utilities, specifically water due to the recent prolonged drought forcing the company to buy more trucked water than normal. The Company will continue to explore strategic initiatives to drive down costs.

Gross profit realized for the half year was \$268m and for the quarter \$133 million.

Net profit before tax for the half year was \$40 million and for the quarter was \$16.8 million respectively. Our administrative expenses included a one-off cost in relation to the valuation of the company's building. In addition, the company had additional costs associated with the opening of the new Depot in May Pen. The Company now controls four (4) depots for the distribution of its products where the expectation is to increase our sales reach and competitiveness.

In April of this year CCL commissioned its new novelty line to produce stick products and launched its new line of icicles. Initial sales have been encouraging. To support this product, we have kicked the advertising campaign into high gear, with visibility on TV, Radio, Billboards and Social Media. This combined with In-store sampling continue to keep this new product in the forefront of consumers' minds.

Balance Sheet

The company continues to remain strong as total assets less current liabilities amounting to \$874 million maintains its' upward trend where it forges ahead with its investment in property, plant & equipment with the objective to improve operating efficiencies and diversify product offering.

Caribbean Cream Ltd. expresses its sincere gratitude to our employees, customers, suppliers, shareholders and well-wishers for their continued support.

Carol Clarke Webster

Carol Clarke Webster **Chairman**

C. Clarke


Christopher Clarke **CEO/Director**

Caribbean Cream Ltd.
UNAUDITED INCOME STATEMENT
Six months ended August 31, 2019

	Unaudited 6 months ended Aug-19 \$	Unaudited 6 months ended Aug-18 \$	Unaudited 2nd Qtr ended Aug-19 \$	Unaudited 2nd Qtr ended Aug-18 \$	Audited year ended Feb-19 \$
Gross operating revenue	839,962,946	799,504,714	422,296,638	387,757,609	1,552,904,985
Cost of operating revenue	(571,445,780)	(515,517,836)	(288,802,805)	(250,365,361)	(1,033,365,779)
Gross Profit	268,517,165	283,986,878	133,493,834	137,392,248	519,539,206
Other income	1,599,292	1,157,800	1,006,942	592,350	2,342,500
	<u>270,116,458</u>	<u>285,144,678</u>	<u>134,500,776</u>	<u>137,984,598</u>	<u>521,881,706</u>
Administrative, selling & distribution expenses:					
Administrative	(184,318,452)	(158,750,675)	(92,597,615)	(82,854,810)	(345,947,271)
Selling and distribution	(36,503,458)	(27,480,032)	(21,625,546)	(14,256,217)	(57,920,480)
	<u>(220,821,910)</u>	<u>(186,230,707)</u>	<u>(114,223,161)</u>	<u>(97,111,026)</u>	<u>(403,867,751)</u>
Operating profit before finance costs	49,294,547	98,913,971	20,277,615	40,873,572	118,013,955
Finance income - interest	804,324	1,502,925	194,566	791,449	2,519,981
Finance costs, net	(9,731,700)	(6,138,470)	(3,671,961)	(2,756,563)	(17,887,927)
Profit before taxation	40,367,172	94,278,426	16,800,221	38,908,457	102,646,009
Taxation	(5,045,897)	-	(2,100,028)	-	(13,970,769)
Profit, being total comprehensive income for the year	<u>35,321,276</u>	<u>94,278,426</u>	<u>14,700,193</u>	<u>38,908,457</u>	<u>88,675,240</u>
Earnings per stock unit	<u>\$0.09</u>	<u>\$0.25</u>	<u>\$0.04</u>	<u>\$0.10</u>	<u>\$0.23</u>

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

	Unaudited Aug-19 \$	Unaudited Aug-18 \$	Audited Feb-19 \$
NON-CURRENT ASSET			
Property, plant and equipment	749,155,878	614,328,128	705,454,071
CURRENT ASSETS			
Cash and cash equivalents	58,053,745	188,570,457	129,994,894
Trade and other receivables	65,286,623	52,981,175	66,572,017
Inventories	176,775,501	125,231,637	140,444,004
Total current assets	300,115,869	366,783,269	337,010,914
CURRENT LIABILITIES			
Trade and other payables	143,321,381	107,055,624	157,900,769
Taxation payable	7,617,315	-	7,065,430
Current portion of long-term loans	23,968,490	9,309,631	30,558,631
Total current liabilities	174,907,186	116,365,255	195,524,830
Net current assets	125,208,682	250,418,014	141,486,085
Total assets less current liabilities	874,364,560	864,746,142	846,940,156
NON-CURRENT LIABILITIES			
Long term loans	124,305,613	132,976,586	132,202,485
Deferred tax liability	6,905,339	-	6,905,339
Total non-current liabilities	131,210,952	132,976,586	139,107,824
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	631,742,318	620,358,266	596,421,042
Total equity	743,153,608	731,769,556	707,832,332
Total non-current liabilities and equity	874,364,560	864,746,142	846,940,156


 Carol Clarke Webster Chairman


 Christopher Clarke CEO/Director

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CHANGES in EQUITY
Six months ended August 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	-	94,278,426	94,278,426
Balances as at August 31, 2018	<u>111,411,290</u>	<u>620,358,266</u>	<u>731,769,556</u>
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	-	35,321,276	35,321,276
Balances as at August 31, 2019	<u>111,411,290</u>	<u>631,742,318</u>	<u>743,153,608</u>

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CASH FLOW
Six months ended August 31, 2019

	Unaudited 6 months ended Aug-19 S	Unaudited 6 months ended Aug-18 S	Audited year ended Feb-19 S
CASHFLOWS FROM OPERATING ACTIVITIES			
Net profit for the year	35,321,276	94,278,426	88,675,240
Adjustments for:			
Depreciation	28,947,587	23,659,454	52,998,264
Deferred tax		-	6,905,339
Interest expense	6,955,726	5,678,468	11,952,960
Interest income	(804,324)	(1,502,925)	(2,519,981)
Taxation	5,045,897	-	7,065,430
Operating profit before changes in working capital	<u>75,466,161</u>	<u>122,113,423</u>	<u>165,077,252</u>
Trade and other receivables	992,480	13,345,172	(720,665)
Inventories	(36,331,497)	(32,522,515)	(47,734,882)
Trade and other payables	(14,579,387)	(21,836,316)	29,008,829
Taxation paid	(4,494,012)	-	
Interest paid	(6,955,726)	(5,678,468)	(11,952,960)
Interest received	1,097,239	1,132,985	2,462,267
Net cash provided by operating activities	<u>15,195,258</u>	<u>76,554,280</u>	<u>136,139,841</u>
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(72,649,394)	(118,972,864)	(243,824,811)
Net cash used by investing activities	<u>(72,649,394)</u>	<u>(118,972,864)</u>	<u>(243,824,811)</u>
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		70,000,000	100,000,000
Repayment of bank loans	(14,487,012)	(13,745,510)	(18,883,416)
Dividend distribution		-	(18,171,270)
Net cash (used)/provided by financing activities	<u>(14,487,012)</u>	<u>56,254,490</u>	<u>62,945,314</u>
Net decrease)/increase in cash and cash equivalents	(71,941,149)	13,835,907	(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>58,053,745</u>	<u>188,570,457</u>	<u>129,994,894</u>
Comprised of:			
Cash and bank balances	(2,257,210)	55,645,550	18,274,040
Fixed deposits	60,310,955	132,924,907	111,720,854
	<u>58,053,745</u>	<u>188,570,457</u>	<u>129,994,894</u>

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements Six months ended August 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.

New and amended standards that became effective during the year

Certain new and amended standards that were in issue came into effect during the financial year ended 2019 which would have affected the previous quarter results ended May 2018. IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers, have been applied from March 1, 2018. Therefore, the first quarter ended May 2018 would have been impacted and hence restated as a result of the adoption of the new standards.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements

Six months ended August 31, 2019

Basis of preparation cont'd

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.

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 benefit of the tax remissions of 50%.

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 and are measured at cost. 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.

Caribbean Cream Ltd.

Notes to the Unaudited Financial Statements cont'd Six months ended August 31, 2019

Significant accounting policies cont'd

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.

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 AUGUST 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	8,846,759
7. Everton J. Smith	8,378,628
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 AUGUST 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		
Christopher A. Clarke	5,000,000	Kamoy S. Clarke (joint holder) Scoops Un-Limited Limited	122,535,449
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 AUGUST 31, 2019

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	148,690	---	