



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

*For the Nine Months ended
November 30, 2019*



Caribbean Cream Ltd.

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED NOVEMBER 30, 2019

The Board of Directors at Caribbean Cream Limited, presents the unaudited financial results for the nine months ended November 30, 2019.

Financial review

The Company's revenue for the nine months was \$1.2 billion an increase of 8% or \$88 million above the same period for last year. The quarter's revenue was \$395 million which increased by 14% or \$47 million versus a similar period last year.


The gross profit realized for the nine months was \$394 million, an increase of 1% or \$3.6 million above the same period last year. During the quarter we achieved a gross profit of \$125 million representing an increase of 18% or \$19 million above the previous year. There were increased depreciation costs as a result of the capitalization of the Novelty Line and Ammonia Plant; additionally, increased utilities negatively affected the gross profit. The company continues to review the production process with the aim of achieving further operational efficiencies.

Operating expenses for the nine months were \$347 million an increase of 16% or \$49 million. The quarter's expenses were \$117 million an increase of 10% or \$11 million above last year. The increase was partly due to annual increases in salaries, expenses associated with opening an additional depot, utilities and depreciation on the capitalization of the production building. Therefore, a net profit before tax for the nine months was realized of \$49.6 million, a decline when compared to last year which was \$96 million. The quarter's net profit was \$9.2 million. Last year was \$1.7 million.

The company's total assets less current liabilities has remained flat totalling \$872 million when compared to last year at \$877 million.

Importantly, the company continues to deliver profits, as the Executive and Board focus on strategies and actions to increase sales and control overall costs. Of note, our first new depot has opened in May Pen, expanding distribution and KREMI novelties continue to grow following the installation of the new production line.

The Board and Executive of Caribbean Cream Ltd. express our sincere gratitude to you all, employees, customers, suppliers, shareholders and well-wishers for your valuable support and contribution to the success of the company.



Carol Clarke Webster **Chairman**




Christopher Clarke **CEO/Director**

Caribbean Cream Ltd.
UNAUDITED INCOME STATEMENT
Nine months ended November 30, 2019

	Unaudited 9 months ended Nov-19 \$	Unaudited 9 months ended Nov-18 \$	Unaudited 3 months ended Nov-19 \$	Unaudited 3 months ended Nov-18 \$	Audited year ended Feb-19 \$
Gross operating revenue	1,235,440,881	1,147,739,379	395,477,935	348,234,666	1,552,904,985
Cost of operating revenue	(841,534,582)	(757,420,640)	(270,088,802)	(241,902,804)	(1,033,365,779)
Gross Profit	393,906,299	390,318,739	125,389,133	106,331,862	519,539,206
Other income	1,994,192	1,750,150	394,900	592,350	2,342,500
	<u>395,900,491</u>	<u>392,068,889</u>	<u>125,784,033</u>	<u>106,924,212</u>	<u>521,881,706</u>
Administrative, selling & distribution expenses:					
Administrative	(279,828,494)	(242,712,598)	(95,510,042)	(83,961,923)	(345,947,271)
Selling and distribution	(51,255,157)	(41,483,387)	(14,751,699)	(14,003,355)	(57,920,480)
	<u>(331,083,651)</u>	<u>(284,195,985)</u>	<u>(110,261,741)</u>	<u>(97,965,278)</u>	<u>(403,867,751)</u>
Operating profit before finance costs	64,816,840	107,872,904	15,522,292	8,958,934	118,013,955
Finance income - interest	881,084	1,987,978	76,760	485,053	2,519,981
Finance costs, net	(16,089,269)	(13,846,109)	(6,357,569)	(7,707,640)	(17,887,927)
Profit before taxation	49,608,655	96,014,772	9,241,483	1,736,347	102,646,009
Taxation	(6,201,082)	-	(1,155,185)	-	(13,970,769)
Profit, being total comprehensive income for the year	<u>43,407,573</u>	<u>96,014,772</u>	<u>8,086,298</u>	<u>1,736,347</u>	<u>88,675,240</u>
Earnings per stock unit	<u>\$0.11</u>	<u>\$0.25</u>	<u>\$0.02</u>	<u>\$0.00</u>	<u>\$0.23</u>

Caribbean Cream Ltd.
UNAUDITED STATEMENT of FINANCIAL POSITION
November 30, 2019

	Unaudited Nov-19 \$	Unaudited Nov-18 \$	Audited Feb-19 \$
NON-CURRENT ASSET			
Property, plant and equipment	741,092,626	658,950,732	705,454,071
CURRENT ASSETS			
Cash and cash equivalents	55,529,056	149,788,059	129,994,894
Trade and other receivables	69,323,290	54,743,834	66,572,017
Inventories	136,877,413	116,389,746	140,444,004
Total current assets	261,729,759	320,921,639	337,010,914
CURRENT LIABILITIES			
Trade and other payables	116,019,855	96,998,558	157,900,769
Taxation payable	6,475,494	-	7,065,430
Current portion of long-term loans	8,150,576	6,261,620	30,558,631
Total current liabilities	130,645,925	103,260,178	195,524,830
Net current assets	131,083,834	217,661,462	141,486,085
Total assets less current liabilities	872,176,460	876,612,194	846,940,156
NON-CURRENT LIABILITIES			
Long term loans	132,202,485	161,277,561	132,202,485
Deferred tax liability	6,905,339	-	6,905,339
Total non-current liabilities	139,107,824	161,277,561	139,107,824
EQUITY			
Share Capital	111,411,290	111,411,290	111,411,290
Accumulated profits	621,657,346	603,923,343	596,421,042
Total equity	733,068,636	715,334,633	707,832,332
Total non-current liabilities and equity	872,176,460	876,612,194	846,940,156


 Carol Clarke Webster Chairman


 Christopher Clarke CEO/Director

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CHANGES in EQUITY
Nine months ended November 30, 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	-	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	603,923,344	715,334,633
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	-	43,407,573	43,407,573
Transactions with owners:			
Dividend distribution		(18,171,269)	(18,171,269)
Balances as at November 30, 2019	111,411,290	621,657,346	733,068,636

Caribbean Cream Ltd.
UNAUDITED STATEMENT of CASH FLOW
Nine months ended November 30, 2019

	Unaudited 9 months ended Nov-19 \$	Unaudited 9 months ended Nov-18 \$	Audited year ended Feb-19 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Net profit for the year	43,407,573	96,014,772	88,675,240
Adjustments for:			
Depreciation	53,165,644	37,015,051	52,998,264
Deferred tax		-	6,905,339
Interest expense	9,916,097	8,708,782	11,952,960
Interest income	(881,084)	(1,987,978)	(2,519,981)
Taxation	6,201,082	-	7,065,430
Operating profit before changes in working capital	111,809,312	139,750,627	165,077,252
Trade and other receivables	(3,104,620)	11,494,130	(720,665)
Inventories	3,566,590	(23,680,624)	(47,734,882)
Trade and other payables	(41,880,914)	(31,893,382)	29,008,829
Taxation paid	(6,741,018)	-	
Interest paid	(9,916,097)	(8,708,782)	(11,952,960)
Interest received	1,234,431	1,706,420	2,462,267
Net cash provided by operating activities	<u>54,967,685</u>	<u>88,668,390</u>	<u>136,139,841</u>
CASHFLOWS USED BY INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(88,854,198)	(181,338,259)	(243,824,811)
Net cash used by investing activities	<u>(88,854,198)</u>	<u>(181,338,259)</u>	<u>(243,824,811)</u>
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank loans		100,000,000	100,000,000
Repayment of bank loans	(22,408,055)	(14,105,352)	(18,883,416)
Dividend distribution	(18,171,269)	(18,171,270)	(18,171,270)
Net cash (used)/provided by financing activities	<u>(40,579,325)</u>	<u>67,723,379</u>	<u>62,945,314</u>
Net decrease/increase in cash and cash equivalents	(74,465,838)	(24,946,491)	(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>55,529,056</u>	<u>149,788,059</u>	<u>129,994,894</u>
Comprised of:			
Cash and bank balances	16,719,049	39,010,655	18,274,040
Fixed deposits	38,810,007	110,777,404	111,720,854
	<u>55,529,056</u>	<u>149,788,059</u>	<u>129,994,894</u>

Caribbean Cream Ltd.

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

LIST OF TOP TEN (10) LARGEST SHAREHOLDERS AS AT NOVEMBER 30, 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	8,828,584
7. Everton J. Smith	8,500,000
8. JI Limited	5,000,000
9. Mayberry Inv. Ltd. Retirement Scheme	2,173,436
10. Everton A. Smith	2,139,909

Caribbean Cream Ltd.

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

Caribbean Cream Ltd.

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